

**Report on Review
of
Public Service Broadcasting
in Hong Kong**

**Committee on
Review of Public Service Broadcasting**

March 2007

Report on Review of Public Service Broadcasting in Hong Kong

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Foreword

Broadcasting is one of the most powerful and influential means of communication today. Within this medium, public service broadcasting (PSB) has a unique role because it serves any and all members of a community, but is *not* beholden to any political, commercial or sectorial interests. It relies on public support and thrives on public trust.

When done well, PSB fosters citizenship, promotes pluralism, enhances cultural vibrancy and contributes to a free society.

The Committee on Review of Public Service Broadcasting (the Committee) was appointed by the Chief Executive of the Hong Kong Special Administrative Region. The Committee's mandate was to review and determine PSB's role, if any, in Hong Kong. Should PSB be deemed necessary, the Committee was to recommend ways and means of how PSB might best serve the people of Hong Kong.

After months of thorough review, research, consultations and deliberations, the Committee has concluded that there is a genuine need for PSB in Hong Kong. Further, the Committee, in brief, recommends that:

“This public broadcaster be constituted by law as a statutory body, funded primarily from the public purse, to fulfill specific public purposes;

“It be independent in its editorial and programming decisions. Its Board, management and rank-and-file shall exercise freedom of speech and of the press *responsibly*; and

“It be operated under stringent governance and accountability measures. It shall exercise all due financial prudence as it expends public money.”

The Committee is grateful to the hundreds of people, both here and abroad, who have generously shared their wise counsel, insight, experiences, expertise and candour.

The Committee has met with legislators, commercial broadcasters, other media executives, management and staff representatives from Radio Television Hong Kong, academics, various special interest and social concern groups as well as overseas PSB experts. In addition, many more expressed their views in writing, either by mail to the Committee or by accessing the Committee's website.

The Committee also wishes to acknowledge the dedication, initiative and industry of its Secretariat, under the outstanding leadership of Committee Secretary, Ms. Alice Y. Lau. Without her and the staff's tireless efforts, neither the review nor this Report could have been completed so effectively and efficiently.

Last but certainly not least, the Chair wishes to thank all Members of the Committee who have given up much of their precious time, often at the expense of not being able to attend to their other duties fully.



Raymond R. Wong
Chairman

Committee on Review of Public Service Broadcasting

Remembering ...

The Committee notes with much regret and sorrow the passing of a Member, **Mr. Pao Wan-lung**, on November 8, 2006. Mr. Pao, 56, was a veteran journalist and broadcaster. He died after losing a courageous battle against the scourge of cancer. While in remission and before becoming incapacitated, Mr. Pao took part in and contributed to all reviews, consultations and deliberations of the Committee, including the International Conference in June. Even after he became bedridden in hospital in August, he kept abreast of the progress of the Committee's work by reading all the email traffic to and from Members. Not until just days before the Lord called him home did Mr. Pao stop encouraging and sharing his PSB vision with the Committee.

THE REPORT

*This Report is compiled in English, with a Chinese translation.
In case of discrepancy between the two, the English version shall prevail.*

Chapter 1

Introduction

Background

The Committee on Review of Public Service Broadcasting (the Committee) was set up by the Government of the Hong Kong Special Administrative Region (SAR) on January 17, 2006 to conduct a comprehensive review of public service broadcasting (PSB) in Hong Kong, and to examine and recommend on the structure, funding, governance, programming, monitoring and accountability in the provision of PSB. Its terms of reference and membership are at Appendix 1.

2. The Committee has examined the role of and justification for PSB in Hong Kong, and formulated recommendations which address community needs despite the SAR's demographic changes or technological advancements.

3. Before the Committee commenced work, Members had pledged to the public that it would safeguard its independence and conduct the review in a professional, impartial, open and transparent manner.

Local consultation

4. The Committee is well aware that should its subsequent recommendations be adopted, they would have profound impact and implications not only on Hong Kong's PSB development, but also on the local broadcasting industry as a whole.

5. The Committee therefore appreciates the importance of public engagement and consultation, and considers them vital parts of the review process.

6. Towards that end, the Committee invited some 400 organisations and individuals either to meet with or to submit written opinions to the Committee.

7. These included the Panel on Information Technology and Broadcasting of the Legislative Council (ITB Panel), media, cultural, education, sports, professional, social services, religious, human rights concern organisations, think tanks and political groups. A full list is at Appendix 2.

8. The Committee also briefed both the print and electronic media periodically on the progress of its work and organised public events to canvass views of the community at large.

9. To gauge the views of the industry and obtain expert inputs, the Committee met with the management of Radio Television Hong Kong (RTHK); the RTHK Programme Staff Union; commercial broadcasting licensees and other stakeholders in the broadcasting industry; and academics from local tertiary institutions that offer communication, journalism, media studies and related courses. The Committee also met with representatives from various concern and special interest groups.

10. The Committee launched a website (www.psb.org.hk) in March 2006 to share general information on PSB and delivery models around the world, provide useful links to related organisations, enable submission of views, and offer a web-based forum for open exchanges of views among members of the public.

11. At the time of compiling this Report, the Committee has received more than 140 written submissions, including those submitted through the electronic mailbox at the website mentioned above. Some of these submissions are in response to invitation, but many more are spontaneous. A full list of the respondents is at Appendix 3, and a summary of the views received is at Appendix 4.

12. The Committee from the very onset decided to receive all views in confidence so as to encourage the utmost candour from the widest spectrum of the community. The Committee further decided to use these submissions solely for the review. Therefore, none of the views cited in the appended summary of submissions are attributed to either individuals or organisations.

Research on overseas PSB models

13. The Committee has data-mined extensively from international reference materials, such as research papers and other literatures in order to learn from overseas PSB experiences and bring an international perspective to the subject matter.

14. Furthermore, the Committee convened a four-day International Conference on Public Service Broadcasting in Hong Kong in mid-June 2006. At the conference, experts from Australia, Germany, Japan, the United Kingdom and the United States shared their experiences in the various ways of operating different PSB systems in their home countries.

15. In addition to in-depth discussions with the Committee, the overseas speakers (list at [Appendix 5](#)) also attended panel discussions with Legislative Councillors, representatives of RTHK and commercial broadcasting licensees, academics and media practitioners. Some 200 local participants took part in the Conference and related activities. They offered a good opportunity also for professional exchange and helped enhance public understanding in PSB. An overview of the PSB models in these countries is at [Appendix 6](#).

16. While the PSB experiences in other parts of the world are of substantive reference value and offer ample food for thought, the Committee clearly realises there is no one size that fits all. PSB models vary from place to place as they are each shaped by the unique history, culture and socio-political characteristics of the community they serve. Hong Kong's PSB model, therefore, must be genuinely home grown and tailor-made to serve specifically the SAR's own audience. This was the unsurprisingly unanimous advice from the overseas speakers.

Focus Group deliberations

17. Though the Committee appreciates the input from the overseas experts, it also feels that local Focus Groups invited to scrutinise in depth four specific areas of expertise could further enhance the Committee's understanding of what might serve Hong Kong best. Accordingly, the Committee formed the following groups in August and September 2006:

- the Focus Group on PSB Governance Structure;
- the Focus Group on PSB Accountability Measures;
- the Focus Group on PSB Funding Arrangements; and
- the Focus Group on PSB Programming.

18. The Focus Groups were convened by Committee Members. Thirty-one people with a deep understanding, interest and commitment in these areas were invited to join in their personal capacity to explore possible options, examine their pros and cons, and help develop feasible proposals for a PSB regime purpose-built for Hong Kong.

19. The reports of the Focus Groups, their respective scopes of discussion and memberships are at Appendices 7 to 10.

20. Following announcement of the findings of the Focus Groups, a town-hall meeting was convened in late September 2006 to canvass public feedbacks.

21. The Committee acknowledges and appreciates the fine work done by the Focus Groups and the valuable insights their members have offered. The Committee's conclusions and recommendations in this Report, however, are solely those of the Committee Members who have fully and carefully reviewed the Focus Groups' findings as well as refined them in light of the public views received.

Chapter 2

Need for and Role of PSB in Hong Kong

22. This chapter identifies the defining features of PSB; reviews the current situation in Hong Kong to ascertain the availability and adequacy of PSB; and, finally, assesses the need for PSB in Hong Kong and defines its public purposes.

What is PSB?

23. PSB is not a new invention. There is rich international literature and extensive reference on the definition of PSB, its role, functions and public value. The United Nations Educational, Scientific and Cultural Organisation (UNESCO) aptly defines PSB as “broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces.”

24. The most commonly adopted defining features, or principles, of PSB are: *universality*, *diversity*, *independence* and *distinctiveness*.

25. The principle of *universality* imposes an obligation on PSB to address the needs of the entire population, regardless of race, gender, age and social background. Therefore, PSB should produce and broadcast programmes that are beneficial to the largest possible number of recipients.

26. The test of *diversity* requires PSB to be diversified in programme genres it offers, in the audience groups it serves, and in the subjects it addresses. “PSB should reach everyone, not through every programme, but through all programmes and their variety.”¹ As such, the *diversity* of PSB complements its *universality*.

27. PSB must uphold its *independence* and defend it from any real or perceived commercial, political and/or government influences. Only then can it serve as a credible and open platform, upon which the public is confident in using it as a means to express themselves and share their views.

¹ Banerjee, I. & Seneviratne, K. (Ed) (2005). *Public Service Broadcasting: A best practice sourcebook*, section 1.2.

28. *Distinctiveness* is the driving force for PSB to take creative risks, explore new ideas and programme formats, and provide new services or deliver existing ones in new ways. PSB is expected to do things differently, but without excluding genres so as to maintain *diversity*. Typically, a high percentage of PSB programmes should be first-run original productions.

29. These defining features underline a fundamental difference between PSB and commercial broadcasting: The first principle of PSB is to serve public interest. Commercial broadcasting, on the other hand, understandably and quite rightly sets its priority as maximising profits for its shareholders.

Hong Kong's current scene

30. Hong Kong has a vibrant broadcasting sector. Television (TV) and sound broadcasters deliver a wide array of programmes, which are readily available to the general public at no cost (for free TV and all radio services) or at a fee (for pay TV). Free TV and radio broadcasting have a high household penetration of 99.6% and 95.2% respectively.² A detailed overview of local broadcasting services in general, as well as the regulatory framework, can be found in the *Report on the Study of Public Service Broadcasting for Hong Kong* of the ITB Panel (ITB Panel Report).³ As a quick reference, Appendix 11 outlines the overall availability of broadcasting services in Hong Kong.

Commercial broadcasting

31. Commercial broadcasting is a regulated business in Hong Kong. Operators are licenced, and are subject to the regulatory oversight of the Broadcasting Authority (BA).⁴ The BA does not preview or censor programmes. It issues generic codes of practice for broadcast programme services. The editorial responsibilities rest with the licensees.

² According to the Broadcasting Service Survey 2005 commissioned by the Broadcasting Authority (BA) (http://www.hkba.hk/en/doc/bss2005_eng.pdf), domestic free TV programme services and sound broadcasting services had a household penetration of 99.6% and 95.2% respectively in Hong Kong. The same for domestic pay TV programme services was 33.8%.

³ See Chapter 3 of the ITB Panel Report (<http://legco.gov.hk/yr05-06/english/panels/itb/papers/itb-rpt061009-e.pdf>).

⁴ The BA (www.hkba.hk) is a statutory regulator that administers the Broadcasting Ordinance (Cap. 562); issues codes of practice, guidelines and directions to licensees; and processes complaints and imposes sanctions where any non-compliance occurs.

32. Hong Kong adopts a technology-neutral regulatory regime for commercial TV broadcasting. TV programme services are regulated according to their nature and pervasiveness rather than mode of transmission. There are currently two commercial domestic free TV broadcasters that operate under renewable licences issued by the Chief Executive in Council (CE in C). They are Asia Television Limited (ATV), successor to the original Rediffusion Television which began its service in 1957, and Television Broadcasts Limited (TVB) which went on air in 1967. Each operates one Cantonese-dialect and one English-language channels.

33. The prevailing annual licence fee payable for a domestic free TV licence consists of a fixed fee of HK\$4,308,900 and a variable fee of HK\$1,421,600 multiplied by the number of TV programme service channels provided under the licence, i.e. about HK\$7 million annually for each of the two current licensees on existing scale of operation.

34. After a licence is issued, the monitoring of a licensee's performance and compliance falls on the BA. Sanctions for contravention with the licence conditions and codes of practice include advice, warning, fine, inclusion of apology or correction in the TV or radio service, suspension of licence and recommendation to the CE in C on licence revocation.

35. Hong Kong does not have a public TV station or channel. ATV and TVB are required to carry during specified periods of time programmes supplied by the Government and BA, subject to statutory maximum limits of broadcasting hours.

36. RTHK was the only source of radio programme services from 1928 until the founding of Hong Kong Commercial Broadcasting Company Limited (Commercial Radio) in 1959. Metro Broadcast Corporation Limited (Metro Broadcast), the only other commercial sound broadcaster, started broadcasting in 1991.

37. Commercial Radio and Metro Broadcast each operates three radio channels: two in Cantonese and one in English. Similar to the free TV licensees, they operate under renewable licences issued by the CE in C, and are required to pay licence fees according to the formulae stipulated in their respective licences.

38. The commercial TV and radio broadcasters receive advertising revenue and commercial sponsorships, and are accountable to their respective shareholders in terms of revenue and profits. Rating is an important performance indicator. Apart from BA's regulatory oversight, as commercial entities, they also have to comply with applicable legislation such as those in the Companies Ordinance (Cap. 32).

39. The commercial domestic free TV and sound broadcasters are required by licence to comply with positive programme requirements, which oblige them to ensure that their “programming is balanced in content and provides an adequate and comprehensive service which is responsive to the diverse needs and aspirations of the community”.⁵ Accordingly, they must provide a stipulated minimum amount of specific genres of programmes (such as news, current affairs programmes, programmes for children/young persons/senior citizens and arts and culture programmes) in specified periods of time within a broadcast cycle.⁶ The positive programme requirement mirrors rather closely RTHK’s obligations “to serve all audiences - including special interest groups - by providing diversified radio, television and internet services that are distinctive and of high quality, in news and current affairs, arts, culture and education”.⁷ The Committee considers that of all the broadcasting services available in Hong Kong today, RTHK’s programmes and positive programmes provided by the commercial broadcasters are closest in nature to PSB programmes. They are referred to as “PSB-like programmes” in the ensuing paragraphs.

Publicly funded broadcasting

40. RTHK is a government department under the policy purview and housekeeping oversight of the Commerce, Industry and Technology Bureau (CITB) of the Government of the Hong Kong SAR. It is the only publicly funded broadcaster in Hong Kong, and the oldest in the territory which first launched a radio broadcasting service in 1928. A brief history of RTHK is at Appendix 12. In addition to its broadcasting role, RTHK also produces educational TV programmes for schools under the auspices of the Education and Manpower Bureau.

41. Currently, RTHK operates seven radio channels, including a local English-language channel, a turn-around channel for BBC World Service and a Putonghua channel. RTHK does not have its own TV channel. Its TV programmes are provided by the Government to the commercial domestic free TV broadcasters who are required by licence to broadcast Government programmes free of charge, subject to the statutory maximum limits of 12

⁵ See Condition 1(b) in the First Schedule of the respective licences of ATV and TVB (<http://www.citb.gov.hk/ctb/eng/broad/doc/licen3.pdf> (for ATV) and <http://www.citb.gov.hk/ctb/eng/broad/doc/licen5.pdf> (for TVB)) and in Condition 8.2(b) in the licences of Commercial Radio and Metro Broadcast (<http://www.citb.gov.hk/ctb/eng/broad/cbc.pdf> (for Commercial Radio) and <http://www.citb.gov.hk/ctb/eng/broad/metro.pdf> (for Metro Broadcast)).

⁶ The positive programme requirements are set out in Conditions 4 to 10 in the First Schedule of the respective licences of ATV and TVB, and in Conditions 23 to 27 of the licences of Commercial Radio and Metro Broadcast. Please see the links in Footnote 5.

⁷ Please see RTHK’s Performance Pledge 2006 (http://www.rthk.org.hk/about/pledge/pledge2006_e1.htm).

hours and 6 hours respectively in any week for a Chinese language and an English language service.

42. In 2007-08, RTHK targets to provide 50,510 output hours with its seven radio channels, 560 hours of TV programmes, and 140 hours of educational programmes for primary and secondary students.

43. RTHK is funded by the Government from the General Revenue. Its expenditure estimate for 2007-08 is HK\$456.1 million. Since the Government adopts cash accounting, RTHK's expenditure estimate does not cover overhead costs such as pension benefits of civil servants, unspent leave, some employment benefits and allowances, intra-governmental services, accommodation and depreciation. According to the Government, RTHK's total staff on-cost is about 30% of the total salary expenses. However, staff on-cost does not include those relating to intra-governmental services, accommodation and depreciation. The Committee has not been able to secure definitive or reliable information for calculating the actual cost of operating RTHK on its present scale.

44. Unlike the commercial broadcasters, RTHK does not operate under a licence. Instead of complying with licence conditions, it is required to follow all rules and regulations applicable to government departments across the board.

45. The working relationship between RTHK and CITB, and their respective obligations and responsibilities have been set out in a Framework Agreement. This is an administrative document renewed every two years. The latest version, dated August 2005, is at [Appendix 13](#). As stipulated in the Framework Agreement, RTHK has editorial independence. It has developed its own set of *Producers' Guidelines* for internal reference and compliance.

46. According to a memorandum of understanding signed among RTHK, BA and CITB, RTHK complies with the generic codes of practice issued by the BA, which are applicable to all commercial broadcasters. In practice, however, the sanctions of fine, licence suspension and licence revocation do not apply to RTHK because it is a government department and does not hold a licence.

Availability of PSB programmes

47. An often-held public perception is that RTHK is the key, if not the sole, provider of PSB programmes in Hong Kong. In fact, as mentioned in paragraph 39, the commercial broadcasters are also required by licence to provide PSB-like programmes.

48. According to research conducted by the Committee, in 2005, the PSB-like programme output by commercial broadcasters⁸ was over 11,000 hours for TV and over 6,650 hours for radio. Details are set out at Appendix 14.

49. In 2005-06, RTHK produced 557 hours of TV productions, about 5% of the commercial PSB-like TV programme output, and 30% of the total statutory maximum limit of Government programmes that the commercial broadcasters are required to broadcast. Its radio programme output was 49,750 hours, or 7.5 times of PSB-like radio programmes produced by commercial sound broadcasters.

50. The research also reveals that the commercial broadcasters produce significantly more PSB-like programme output than is required under licence conditions. Other than out of a sense of social responsibility on their part, this may also be attributed to the popularity of certain such programmes (i.e. rating considerations).

51. It should be noted that although all TV programme output by RTHK is broadcast via the TV channels operated by the domestic free TV broadcasters, the output hours have been attributed to RTHK in the calculations.

Adequacy of PSB

52. While service availability can be established largely based on facts, the adequacy of PSB calls for a qualitative analysis of the PSB programmes in terms of how far they meet public needs and expectations.

53. Many respondents have expressed their expectations of PSB during their consultations with the Committee; some with specific references to the current output of RTHK as it is the only non-commercial outlet among Hong Kong's established broadcasters. The comments received reveal a general consensus that Hong Kong deserves more and better PSB than is presently available.

54. The Committee concludes from its consultations that there is a strong public demand for quality current affairs programmes: Programmes that present issues of public concern in a comprehensive, informative and explanatory manner, and address divergent viewpoints impartially and even-

⁸ In this particular section, the term "commercial broadcasters" refers only to the commercial domestic free TV and commercial sound broadcasters. Domestic pay TV programme service licensees, non-domestic TV programme service licensees and other licensable TV programme service licensees are not subject to any licence condition regarding the provision of positive programmes.

handedly. Submissions to the Committee indicate such a need has not been met in full.

55. One of the areas in which significant improvement should be made is in enforcing a clear and mandatory demarcation between news and editorial opinions in PSB newscasts and public affairs programmes. Any blurring between factual/interpretative reporting and opinions/commentaries cannot help but undermine the credibility of any news organisation. Such credibility is earned only by vigilantly abiding to the basic tenets of accuracy and impartiality in reporting the news. The public is best served when given complete, factual and balanced information, and only with which responsible citizens can make up their own minds on any issue of public interest.

56. That is not to say no opinion should be presented in PSB current affairs programmes. In fact, one of the key PSB functions is to help bring out different sides of the story by airing divergent and sometimes conflicting opinions.

57. However, a clear and firm line must be maintained between moderating and commentating. A moderator takes no stance but ensures all sides of a controversial issue are being heard. By contrast, a commentator, when clearly labeled as such, should be free to espouse his/her opinion as long as it is based on facts, not fiction, innuendoes, rumours or outright lies.

58. Should PSB programmes feature commentaries, these too must be clearly labeled as such either on screen or by periodic audio reminders. Furthermore, it is adamant that commentators on all sides of an issue be given equal exposure on air.

59. A public broadcaster should encourage qualified staff with proven subject expertise to produce in-depth analyses on issues of public interest. Again, a strict distinction must be maintained between analyses and commentaries.

60. It is also important that the different roles of a moderator, commentator and analyst, whether performed by staff or other persons engaged by a public broadcaster on an ad hoc basis, are clearly defined and made known to the audience.

61. Another area of perceived inadequacy is the diversity of PSB programmes. During the consultation, many social services organisations and human rights concern groups have urged for more coverage of the lifestyles and challenges faced by minorities, the underprivileged and/or new immigrants, especially those from the Mainland. In doing so, PSB will reflect

more fully the pluralistic nature of Hong Kong, promote understanding and enhance social cohesiveness.

62. Submissions to the Committee also indicate that the current mix of PSB programmes lacks distinctiveness and creativity, qualities that should set them apart from what is readily available from commercial broadcasting. Instead of replicating what is available in the market, PSB should take measured risks: Experiment with new genres and bold formats, tackle controversial topics and commission programmes from independent producers to nurture talent. In short, PSB should inspire change, lead by example and set higher standards for the broadcasting industry.

Identifying gaps

63. The commercial broadcasters provide a significant amount of PSB-like programmes under the current regime. Commercial broadcasting has a propensity toward programmes with a mass appeal as they help maximise rating which in turn helps to increase advertising revenue. Popular programme formats and themes often dominate the schedule as they pose a lower commercial risk while promising a higher return in investment. Limited opportunities are available for exploring new genres and ideas, as they may not fit into proven “formulae” that deliver market success. These limitations also are reflected in the PSB-like programmes produced by commercial broadcasters.

64. Reliance solely on commercial broadcasting for meeting community needs for broadcasting services presents risks that minority interests are overlooked (not *universal*); programme choices in terms of both genres and subjects discussed are relatively limited (not *diverse*); and programme schedules fairly homogeneous across different stations (not *distinct*). The pressures of maximising profits for the shareholders also render the broadcasters/producers more susceptible to commercial and political considerations (not *independent*).

65. The Committee appreciates that commercial broadcasting is regulated in Hong Kong, and that the licence holders must comply with programme, advertising and technical codes issued by the BA.⁹ Vibrant and competitive, commercial broadcasting also has played its constructive role in broadcasting information and entertainment to meet Hong Kong’s social and economic needs. The concerns raised in paragraph 63 are not meant to be a denigration of commercial broadcasting. These concerns are just a factual recitation of the intrinsic limitations of this form of economic activity.

⁹ Please refer to <http://www.hkba.hk/en/tv/codes.html> (for TV) and <http://www.hkba.hk/en/radio/codes.html> (for radio).

66. Turning to RTHK, it is funded fully by the public and tasked to provide programmes that inform, educate and entertain. However, these attributes are insufficient to qualify RTHK as a public broadcaster, or ensure that its services satisfy public needs for PSB. The well-intended statement in the Framework Agreement on editorial independence does not alter the fact that RTHK is part of the executive branch of the Government, managed and staffed by civil servants who are duty bound to implement government policies and comply with government-wide rules and regulations. RTHK's status as a government department casts a shadow of doubt over its independence, which cannot help but reinforces, however unfairly, the perception of doubt on the impartiality of its programmes. This is an inherent problem that applies to RTHK radio and TV programmes alike.

67. RTHK's PSB role is further constrained by a lack of control over any TV station or channel. Reliance on the commercial TV broadcasters for transmission of RTHK productions pre-determines its output quantity and blurs RTHK's own branding. Sometimes RTHK's programmes are misconstrued as programmes of the same genre produced by the commercial TV broadcasters.

PSB in Hong Kong: need and public purposes

68. The local broadcasting sector already has multiple outlets, and each has developed its own programme schedule. Free TV and radio services are available, and enjoy a high household penetration. While the present regime may not meet the PSB principles discussed earlier in this chapter, one may question whether the inadequacy in PSB presents a real problem for Hong Kong and its people.

69. Hong Kong is a modern and affluent society. Its people deeply cherish and widely respect the freedom of expression, free flow of information and pluralism. The Committee considers that a genuine PSB will enrich Hong Kong's social and cultural tapestry, create a better balance in the local media ecology and contribute to the long-term development of a thriving and highly competitive broadcasting industry. As Hong Kong thrives on trade in goods and services, maintaining a workforce with global perspective and achieving a high international profile are both crucial for the SAR's continued economic success. PSB will broaden the regional and international perspective of the people, and contribute to Hong Kong's overall competitiveness as globalisation continues and accelerates.

70. The landscape of local broadcasting will change as a result of digitisation and further development of multimedia technologies. Broadcasting, and, in a broader sense, communication, will be made easier

with new technologies. Spectrum scarcity will cease to be a constraint, so stations and production houses will proliferate. This will provide room for broadcasting services to expand in scope and variety, and the conventional mode of service delivery may undergo fundamental changes. Potentially, the choice of channels and an abundance of content may inundate the public, further fragment the market and strain the existing regulatory regime.

71. These changes will enhance rather than diminish the social responsibility and value of PSB. There will be a greater and more pronounced public demand for PSB as the audience looks to it as a credible source of accurate and impartial information, educational inspirations and resources, as well as quality entertainment and enlightenment.

72. PSB should also exemplify high quality broadcasting in the impartiality of news, diverse and creative productions, commitment to nurturing talent, and promotion of social and cultural values. It should set the benchmark for other broadcasters, promote competition in the industry and generally enhance the balance of Hong Kong's broadcasting and media ecology.

73. It is common for overseas public broadcasters to have clearly defined missions or public purposes. Some of these are enshrined in law,¹⁰ and some are incorporated into legal documents underpinning their operation and continuance.¹¹ These mission statements charge a public broadcaster with an explicit public service mandate, and are often used to evaluate their performance and adequacy of services provided. Along the same line, and having regard to local circumstances, the Committee proposes that PSB in Hong Kong should serve four specific public purposes.

74. First, PSB should sustain citizenship and civil society. It should do so by:

- (a) promoting understanding of our community, our nation and the world through accurate and impartial news, information, perspectives and analyses;
- (b) promoting understanding of the concept of "One Country, Two Systems" and its implementation; and

¹⁰ Examples include the Australian Broadcasting Corporation (Australian Broadcasting Corporation Act 1983), Special Broadcasting Service (Special Broadcasting Service Act 1991), Canadian Broadcasting Corporation (CBC) (Broadcasting Act) and Channel Four Television Corporation (Channel 4) (Communications Act 2003).

¹¹ For instance, the public service mandate of the British Broadcasting Corporation (BBC) is set out by a number of provisions in both the BBC Royal Charter, and the Agreement between BBC and the Government of the United Kingdom.

(c) providing an open platform for exchange of views.

75. The second purpose is to foster social harmony and promote pluralism. Through the diversity of its programme coverage, universality of reach, and sensitivity to the pluralistic nature of Hong Kong and the world, PSB should seek to enhance public understanding and acceptance of the cultural, linguistic, religious and ethnic diversity both in the local community and beyond.

76. Thirdly, PSB should help establish education value and promote lifelong learning. This can be achieved by stimulating interest in a full range of subjects, and providing information and resources to facilitate learning at all levels and for all ages.

77. Lastly, PSB should stimulate creativity and excellence to enrich the multi-cultural life of the people of Hong Kong. It should produce, commission or acquire for broadcast distinctive and original content for public consumption; it should actively promote public interest, engagement and participation in cultural activities; and its programming and other corporate policies and practices should foster creativity and nurture talent.

78. To deliver on all these fronts, it is important for PSB to follow closely the development of multimedia, and take the lead when necessary to ensure delivery of quality programmes through as many platforms as possible, serving as wide an audience as possible.

Chapter 3

The Case for a New Public Broadcaster in Hong Kong

79. Convinced of the need for and public value of PSB, the Committee examines the options for delivering it to the community, establishes the case for a new public broadcaster, and defines the role of PSB vis-à-vis commercial broadcasting.

Examining the options

Build on the present

80. The existence of a publicly funded broadcaster and the PSB-like programme output of commercial broadcasters under licence have led some people to question the need and merit of setting up a new public broadcaster. Some respondents to the consultation have suggested that any real or perceived inadequacy in PSB should be addressed by requiring RTHK and the commercial broadcasters to do more. Others advocate improving the current regime with incremental changes.

81. The inherent limitations of the commercial broadcasters and RTHK in performing a full PSB role have been thoroughly discussed in paragraphs 63 to 67. In addition, the absence of a designated PSB body is likely to lead to a lack of programming, editorial and quality consistency and coordination in PSB outputs. Since RTHK does not have a TV channel, the broadcast of its TV output through the commercial channels will weaken the distinct identity of PSB. And this “multiple contributors” approach will also render it impossible for PSB to establish itself as a trusted open platform for exchange of opinions. Therefore, the Committee does not consider this a viable option for satisfying the genuine public needs for PSB in Hong Kong.

Create a PSB “coordinator” or “publisher”

82. Other respondents have suggested creating a public authority to determine PSB programming strategy and priorities, and broadcast programmes. Instead of producing programmes in-house, third parties such as existing broadcasters or independent producers would be commissioned to produce PSB programmes through an open and competitive tender system. This mirrors the publisher-broadcaster role adopted by Channel Four

Television Corporation (Channel 4) in the United Kingdom.¹² A bolder variation is to “out-source” also the programme transmission function by buying airtime from the commercial broadcasters or partnering with other multimedia platform operators. In this scenario, the PSB body is more a “coordinator” than a “broadcaster”.

83. These are plausible propositions, and have been examined in detail. A crucial success factor, as can be gleaned from Channel 4’s experience, is that the “publisher” or “coordinator” must devote great efforts and significant resources to work with the third-party producers, both to assure quality and to maintain consistency with PSB programming policies and compliance with various regulatory requirements.

84. Even with these investments, it will remain a daunting task for the “publisher” or “coordinator” to build up a coherent and discernible PSB identity. The Channel 4 example succeeds in the context of the United Kingdom where there already exists the huge and influential British Broadcasting Corporation (BBC). The publisher-broadcaster approach is therefore an “affordable” and welcome alternative to instill variety into the PSB scene in the United Kingdom. Hong Kong does not have this luxury, at least not for now.

Set up a new public broadcaster

85. With digitisation (see Chapter 9), market segmentation and competition with multimedia services will mount increasing pressure on commercial broadcasters to chase ratings and revenue. Against such a backdrop, Hong Kong needs a public broadcaster dedicated solely to quality broadcasting for the public commonweal: An industry leader who sets the benchmarks in the impartiality of news, in the diversity, quality and distinctiveness of programming, in the commitment to upholding Hong Kong’s social mores and cultural values; an organisation whose only masters are its service recipients, without ever being beholden to any political patrons, investor/shareholders or advertisers. This is the Committee’s PSB vision for Hong Kong.

86. The Committee supports the formation of a full-scale public broadcaster with programme development and transmission responsibilities to serve clearly defined public purposes. This position is subject to two qualifications: First, shouldering the programme development responsibility does not imply that all programmes must be produced in-house. The Committee considers that a public broadcaster should adopt multiple modes

¹² As a publisher–broadcaster, Channel 4 does not produce its own programmes but commissions them from more than 300 independent production companies across the United Kingdom.

of programme development, including self-production, external commissioning and acquisition (see paragraph 202). Second, the recommendation of only one instead of several public broadcasters is founded on the cognizance that Hong Kong has a relatively small and homogeneous local market, and that it will take time for PSB values to take root. When public demand justifies and resources are readily available, the Committee sees no reason why there should not be more than one public broadcaster. The licensing aspect of such a possible scenario is discussed briefly in paragraphs 153 and 154.

The role of RTHK

87. Right from the start, the review has been repeatedly misconstrued that it targets RTHK, and the Committee's mandate is to "rein it in". Despite these periodic uninformed and undeserved denigrations, it has been the clear and unswerving position of the Committee that its task is to undertake a macro and comprehensive examination of PSB in Hong Kong: Do we need it, what is it for and how to deliver it? Given the nature of the review, it targets no one in the broadcasting industry but will inevitably affect all, including RTHK, the only publicly funded broadcaster in Hong Kong. This particular section examines the option of transforming RTHK into a bona fide public broadcaster, in every sense of that term.

88. As discussed in paragraph 66, the current status and structure of RTHK does not fit the bill of a public broadcaster in full. The administrative Framework Agreement ([Appendix 13](#)) has addressed certain aspects relevant to PSB, such as editorial independence and public aim. However, it is not, and is never intended to be, a framework for a true public broadcaster. The working relationship between RTHK and its policy bureau as defined in that document is incomparable to that which should exist between a public broadcaster and the government. The status and structure of RTHK as a government department allow no room for a governance regime which enables independent strategy setting, a high degree of financial and operational autonomy, and direct public accountability based on a specific public mandate. These aspects will be discussed in detail in Chapters 4 to 6. The remaining question, then, is whether RTHK can be transformed to become a public broadcaster.

89. To be a genuine public broadcaster, RTHK would need to be freed from its present government department status and reconstituted into a statutory body with a clear public service mission. The Committee has examined this option in detail.

90. Founded in 1928, RTHK's constitutional relationship with the executive branch of the Government has remained largely the same in spite of changes to its name and expansions in the scope of its services. As with all established organisations, it has an entrenched structure, elaborate internal codes and a strong corporate culture. Reconstitution into a statutory body will herald significant changes, and entail difficult decisions on whether to preserve remnants of the existing organisational structure and practices.

91. Staff transition is also a major concern. All existing staff members of RTHK are government employees. The majority of them joined as career civil servants and have legitimate expectations of security of tenure, remuneration, promotion prospect and retirement protection.

92. The transformation of RTHK into a statutory body naturally demands a detailed examination which might well result in drastic changes to the manpower structure and staff employment terms.

93. According to a survey report released by the RTHK Programme Staff Union in March 2006, the prospect of a change in existing civil servant status drew mixed responses from staff. The majority of the respondents expressed a clear wish to preserve their existing employment terms. The survey report is at [Appendix 15](#) for reference.

94. The Committee considers it important for the future public broadcaster to have a high degree of autonomy in determining its own organisational structure, internal rules and practices as well as staff requirements and employment terms, subject only to statutory provisions and public scrutiny.

95. Any proposal to modify RTHK into a public broadcaster will also pre-empt government decision on what role it may assign to RTHK, as a government department, following the formation of a public broadcaster. The Committee has consciously steered away from discussing this matter, as it falls outside of the Committee's terms of reference.

96. In short, a sea change in RTHK's status is bound to be fraught with practical and insurmountable problems, and not conducive to the start-up of a new public broadcaster. Therefore, the Committee does not favour the transformation of RTHK into a public broadcaster. Instead, it proposes the establishment of a new public broadcaster with a fresh start.

97. Nonetheless, the Committee would be remiss were it not to remind the Board and management of the future public broadcaster of the vast reservoir of talent, experience and expertise of RTHK staff, which could be

drawn on subject to their meeting the new organisation's practical requirements and prevailing policies.

The role of PSB vis-à-vis commercial broadcasting

98. The co-existence of PSB and commercial broadcasting raises questions on their respective roles. Since commercial broadcasting is a regulated business in Hong Kong, and operators are required to obtain a licence and pay licence fees, understandably there are concerns about the market impact of a new public broadcaster on the existing broadcasting industry. These concerns will be exacerbated if the public broadcaster were to receive public subsidy or advertising revenue.

99. During public consultations, local commercial broadcasters in general accepted competition with a public broadcaster in programme quality, but were concerned about what they perceived as a possible "overlap" in programme offers. Some believed that a public broadcaster should focus on "filling in gaps," whereas others accepted a certain level of duplication in programme genres, but urge a public broadcaster to adopt a uniquely different approach to differentiate its output from commercial broadcasting. All were adamantly opposed to PSB competing for rating and advertising revenue. By contrast, the receiving public in general supported a full range of PSB programmes, the more diverse and attractive they are, the better. There were also a handful of submissions which suggested a more restricted remit for PSB, so that it would focus on serving audience groups overlooked by commercial broadcasting, addressing "serious" subjects or subjects not adequately covered by commercial broadcasting for various reasons, and avoid entertainment programmes already in abundant supply in the market.

100. Conventionally, the functions of PSB are to "inform, educate and entertain".¹³ The Committee considers these a generic description of the *raison d'être* of broadcasting, whether public or commercial. They can hardly be relied on to differentiate the two. In Hong Kong, commercial TV and radio broadcasters are also required by licence to "entertain, inform and educate". The Committee believes that PSB is different fundamentally from commercial broadcasting in two key aspects.

101. First, PSB has a set of agreed public purposes, as proposed in Chapter 2. Guided by such a clear public service mission or mandate, a public broadcaster should provide comprehensive programming to satisfy the needs of the entire community, catering for both mass and minority interests and tastes. For so long as its programming policy is public-interest oriented, its

¹³ For instance, these functions are included in the BBC Royal Charter and Agreement, and the object of CBC as prescribed in the Broadcasting Act of Canada. Various UNESCO pieces also echo the same.

role should not be restricted to, or defined by, what is left unserved or under-served by commercial broadcasting. Given the tests of *universality* and *diversity*, avoiding genres already provided by commercial broadcasting is not an option for PSB. As suggested in international PSB literature, PSB should provide “rich entertainment that is informative, educational and above all, in the public interest”.¹⁴ “Its mandate is not restricted to education and cultural development. PSB must also appeal to the imagination, and entertain. But it does so with a concern for quality that distinguishes it from commercial broadcasting.”¹⁵

102. Secondly, PSB must be accountable to the public for the scope and quality of service it provides, and the way it spends resources. The accountability aspect will be addressed more fully in Chapter 5.

103. Apart from the different nature of PSB and commercial broadcasting as discussed above, the Committee proposes that PSB should also seek to be “different” from commercial broadcasting in its risk-taking propensity and role as a socio-cultural institution.

104. To deliver the public purpose of stimulating creativity and excellence, PSB must be daring, innovative, and willing to take measured risks. It should:

- (a) promote innovation and originality by exploring new programme genres. In doing so, it promotes pluralism and expands choices for the receiving public. When it succeeds in developing outstanding genres or ideas, it sets standards and examples for the commercial broadcasters.
- (b) offer an outlet for airing quality productions by independent producers. A mix of in-house and independent productions enriches the texture and varies the tone of PSB programmes, helps nurture local talent and contributes to the development of the entire broadcasting industry. Often, it also broadens the programme offer to the audience.
- (c) address all subjects of social relevance, including those with political, religious, racial, cultural and other sensitivities, so as to promote public understanding.

¹⁴ Banerjee, I. & Seneviratne, K. (Ed) (2005). *Public Service Broadcasting: A best practice sourcebook*, section 6.2.

¹⁵ World Radio and Television Council (May 2001). *Public Broadcasting: Why? How?*

- (d) with due regard to cost-effectiveness, explore all possible means and technologies of programme delivery, enabling it to reach out to all, especially the new generation of audience who are less attracted to the conventional modes of TV and radio broadcasting.

105. As a socio-cultural institution invested by the public, PSB should provide a “meeting place” trusted by and equally accessible to every citizen to receive information, as well as express and exchange views. To achieve this, PSB must be, and publicly seen to be:

- (a) accurate and authoritative in the information it disseminates;
- (b) balanced in the views it reflects, and even-handed with all who seek to express their views via the PSB platform;
- (c) immune from commercial, political and/or government influences; and
- (d) uphold the highest professional standards of journalism.

106. The Committee believes that PSB and commercial broadcasting should complement, rather than threaten the viability of, each other. Their co-existence should create a balanced broadcasting ecology that contributes to plurality and promotes healthy competition.

107. Some have suggested that PSB should not compete with commercial broadcasting for rating. Provided that PSB does not pursue rating for its own sake and at the expense of neglecting or defying its public service remit or any part of it,¹⁶ the Committee supports competition between PSB and commercial broadcasting for audience popularity as it drives all broadcasters to excel in the services they provide. PSB also needs to reach the widest possible audience to achieve social and cultural impacts.

Press freedom and freedom of expression

108. During the review process, there were repeated calls on the Committee from some legislators and members of the public to “guarantee” press freedom and freedom of expression as the cardinal principle for the development of PSB in Hong Kong.

¹⁶ For instance, blind pursuit for high rating may lead a broadcaster to avoid certain programme genres or themes simply because they do not appeal to the mass audience and will generate a low rating.

109. It is common for overseas broadcasting legislation to enshrine protection for freedom of journalistic/creative expression. In Hong Kong, similar protections are enshrined in Article 27 of the Basic Law and Article 16 in Section 8 of the Hong Kong Bill of Rights Ordinance (Cap. 383). To this extent, the above concern has already been addressed, pre-dating the review.

110. That said, the Committee is fully cognizant of and staunchly defends these basic human rights. The Committee has stated in public often, and once again reiterates it here, that the Committee regards press freedom and freedom of expression as part and parcel of Hong Kong people's fundamental and constitutional rights. They are not the subject of, but rather the basic premises for, the review. The PSB vision as outlined in this and other chapters, if realised, should contribute to a vibrant media industry and a free society.

Chapter 4

Governance

Introduction

111. Corporate governance is defined as the processes and the related organisational structures by which organisations are directed, controlled and held to account. It “involves a set of relationships between an organisation’s management, its board, shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the organisation are set, and the means of attaining those objectives and monitoring performance are determined,” concludes the Organisation for Economic Cooperation and Development (OECD)’s *Principles of Corporate Governance*.¹⁷

112. Research and studies by many esteemed international and local professional bodies have reaffirmed that good governance is essential to the fulfillment of public service mandate and proper use of funds by public organisations. A brief background of key reports and the framework for corporate governance is at Appendix 16.

113. Public consultations by the Committee have also shown an overwhelming community consensus on the need for and importance of good governance for a credible public broadcaster.

International experience

114. As the overview at Appendix 6 shows, almost all overseas PSB models have:

- (a) a clear legislative framework to establish the status of the public broadcaster and, in some cases, its governance structure;
- (b) a governing body (a Board or some similar nomenclature) which sets the objectives and strategy of the public broadcaster, monitors its performance and ensures legal and regulatory compliance. In most cases, it is also the body held accountable to the public for the overall performance of the organisation;

¹⁷ Organisation for Economic Cooperation and Development (OECD) (2004). *Principles of Corporate Governance*.

- (c) a separate management team charged with the responsibility to run the day-to-day operation of the public broadcaster. In most cases, the management team, or at least the head of the team, is appointed by the Board for a fixed term;
- (d) a clear separation of the roles of the Board (policy setting and monitoring) and the management team (implementation, supervision and daily operation); and
- (e) established accountability measures, a subject addressed separately in Chapter 5.

115. The governance structure of public broadcasters vary from place to place, each shaped by the unique history, culture and socio-political characteristics of the communities they serve. Their experiences provide a reference and not a solution for Hong Kong.

Need for a statutory framework

116. Having considered the findings of the Focus Group on PSB Governance Structure and public views, the Committee concludes that the governance structure of a public broadcaster in Hong Kong should be underpinned by legislation to uphold the organisational and editorial independence of the public broadcaster from potential commercial, political and/or government influences.

117. The relevant legislation also should ensure transparency and provide for a broad governance and accountability framework within which the public broadcaster would operate.

118. However, the Committee stresses that such legislation should not seek to prescribe all the detailed arrangements, so that appropriate degrees of flexibility might be given to the Board and the management team to perform their respective functions effectively.

Separation of power between the Board and the management

119. The powers and responsibilities of the Board of a public broadcaster and its management must be clearly defined and delineated.

Role of the Board

120. As the governing body, the Board should:

- (a) uphold and defend the freedom of speech and of the press by ensuring such freedom is exercised responsibly by the public broadcaster's management and the rank-and-file without fear of or favour to any commercial, political, government or individual interests;
- (b) inculcate and foster in all employees a strict adherence to the basic tenets of ethical programming, especially in news and public affairs, including but not limited to accuracy, fairness, balance, impartiality, providing perspectives and explanations;
- (c) uphold the organisational and editorial independence and integrity of the public broadcaster;
- (d) determine and ensure the implementation of the objectives, strategies and broad policies of the public broadcaster to ensure that its services reflect the interests and needs of the public;
- (e) ensure that the public broadcaster fulfills its public service missions in a proper, efficient and economical manner in order to render maximum social benefit to the public;
- (f) ensure compliance with all legal and applicable regulatory requirements;
- (g) determine the remuneration, terms, conditions and tenure of employment of the Chief Executive Officer (CEO) of the public broadcaster including appointment, reappointment and removal; and
- (h) approve the remuneration of other key senior staff.

121. The Board should maintain regular communication with the management team, but must not be involved in the day-to-day operational and editorial decisions of the organisation, which are rightly matters to be dealt with by the CEO and the management team.

Role of the CEO

122. The CEO of a public broadcaster should shoulder total corporate responsibility for all activities of the organisation. More specifically, the CEO should be responsible for:

- (a) implementing the strategies, policies as well as internal codes and guidelines determined by the Board;
- (b) all aspects of day-to-day operation of the organisation;
- (c) recommendation of remunerations of key senior staff for approval by the Board;
- (d) staff appointment, reappointment and removal; and
- (e) keeping the Board informed in a timely manner of all issues of strategic importance, including feedback and deliberation outcome of advisory bodies (see paragraph 148).

Formation of the Board

Size

123. The size of the Board should be large enough to bring in the range of expertise required, but small enough to ensure efficiency and ease of operation. Noting the international trend toward smaller boards, and that many overseas public broadcasters have a board of 9 to 12 members, the Committee recommends that the optimal size of the Board should not be more than 15.

Composition

124. The Committee considers that bringing the right mix of expertise into the Board is critical for the effective governance of a public broadcaster. The appointment of some lay members also will help broaden the Board's representation. Accordingly, the Committee recommends that the Board should include three categories of members.

(a) Members with industry/professional experience

First, the Board should have at least one person from each of the following fields in order to benefit from their expertise and professional perspectives:

- (i) person(s) with experience in the media sector to enable the Board to understand better the unique nature of the industry, and the interaction among the various media, broadcasters and audience;
- (ii) person(s) with experience in journalism to help establish a corporate culture of respect for and strict adherence to the recognised standards of ethical journalism;
- (iii) person(s) with experience in education to help guide the organisation in fulfilling its public mission to promote education value and lifelong learning;
- (iv) person(s) with experience in arts and culture to help guide the organisation in performing its role as a patron of arts and cultural activities and to nurture creative talent;
- (v) person(s) with experience in technology to help steer the organisation in embracing challenges of and exploring opportunities arising from technological developments;
- (vi) person(s) with legal qualification and experience to help ensure corporate compliance with statutory and other applicable regulatory requirements, and legal propriety of all undertakings by the organisation;
- (vii) person(s) with qualification and experience in accounting and/or finance to facilitate the Board in monitoring the efficiency, cost-effectiveness and financial accountability of the organisation;
- (viii) person(s) with senior management experience and expertise to help build a strong and constructive partnership between the Board and the management team, and generally enhance the management quality of the organisation; and

- (ix) person(s) with experience in serving the interests of minorities and/or the underprivileged to help ensure that services offered by the public broadcaster cater for the needs and interests of all in the community.

(b) Ex-officio members

To enhance internal communication and foster a constructive partnership among the Board, the management and staff, the Board should include two ex-officio members:

- (i) the CEO to serve as the bridge between the Board and the management, and steer organisational activities according to the decisions of the Board; and
- (ii) a representative elected by the non-executive staff at large, regardless of union membership, to facilitate Board consideration of the practical implications of decisions on front-line staff, and generally enhance communication among the Board, management and rank-and-file.

(c) Lay members

Although each and every sector of the community has a legitimate claim on PSB, it will not be practicable for the Board to accommodate all interests. This may be addressed to some extent through the appointment of lay members who, in the opinion of the appointment authority, will contribute positively to the good governance of the public broadcaster and effective operation of the Board. Such an arrangement will also allow flexibility, so that experts outside of the core areas specified in paragraph 124(a) may be recruited to suit the changing needs of the organisation. The appointment of lay members should, however, be subject to the maximum size of the Board proposed in paragraph 123.

125. The Committee proposes that all Board members, except the CEO and the elected staff representative, should be appointed in their personal capacity. These members should not represent the sector or organisation from which they are drawn. Once appointed, they should serve the best interest of the public broadcaster as long as it acts within its defined public service mission.

126. The appointment authority should appoint the Chairman of the Board from among Board members, except the CEO and elected staff representative. Board members (including the Chairman) should elect among themselves a Deputy Chairman and a Treasurer. The Deputy Chairman should assume the role and responsibilities of the Chairman in his/her absence. The Treasurer should assist the Board in overseeing all financial and budgetary matters.

Ineligibility for Board appointment

127. The Committee has also considered the categories of persons who should not be considered for appointment to the Board:

- (a) To ensure PSB will be free from the influence of the executive, the legislative and the judiciary of the Hong Kong SAR, the following categories should be excluded:
 - (i) a serving Member of the Executive Council; a full-time employee of the SAR Government, whether pensionable or otherwise; and a public officer;¹⁸
 - (ii) a serving Member of the Legislative Council; and
 - (iii) a judicial officer.
- (b) To preserve and reflect the principle of “One Country, Two Systems” and ensure that Hong Kong’s PSB serves the needs of the local community, the following categories should be excluded:
 - (i) serving member of any national, provincial, regional or municipal congress, legislature, assembly or council of any place outside Hong Kong, or a serving member of the Chinese People’s Political Consultative Conference;
 - (ii) a person serving any government outside Hong Kong with or without emoluments; and
 - (iii) an officer or member of any armed forces.

¹⁸ A “public officer”, as defined in section 3 of the Interpretation and General Clauses Ordinance (Cap. 1), means any person holding an office of emolument under the Government, whether such office be permanent or temporary.

- (c) To underline the public service nature of PSB and avoid conflict of interest, a person who is a holder of a commercial broadcasting licence in Hong Kong or an employee of a local commercial broadcasting licensee should be excluded.

128. The Committee also proposes to exclude the following categories of persons for appointment to the Board:

- (a) an undischarged bankrupt;
- (b) a person legally determined of having an unsound mind; and
- (c) a person convicted, whether in Hong Kong or elsewhere, of corrupt or illegal conduct, bribery, treason or any offence which has resulted in either a death sentence or an imprisonment for terms of more than three months either within the immediate 10 years prior to appointment, or at any time and has not completed such sentences.

129. Though the Committee feels it would be best were incumbent political party executives not be eligible for appointment to the Board to guard against partisan influences, the Committee appreciates that such exclusion is not feasible at present in the absence of legislation on political parties in Hong Kong.

Tenure

130. The Committee proposes a fixed term of three years on first appointment to provide security and stability, subject to reappointment for a maximum of another three years. With the exception of the CEO, no Board member should serve longer than six consecutive years. To enhance continuity at the Board level, by the end of the first three-year term, reappointments should be staggered so that:

- (a) not more than one-third of serving members might be reappointed for three years;
- (b) not more than one-third might be reappointed for two years; and
- (c) the remaining members might be reappointed for one year.

131. Under such an arrangement, new members would be introduced onto the Board from the fourth year onward, on a fixed term of three years, subject to reappointment for a maximum of another three years.

Appointment

132. The transparency and integrity of the method and process for establishing the Board will determine public credibility of the Board and the public body that it governs.

133. It has been suggested in some of the written submissions that Board members should be elected from their respective constituencies. The Committee has spent much time deliberating this option carefully before concluding that there are genuine concerns that Board members so elected might well feel the pressure to represent the interests of particular constituencies rather than those of the public at large. This will be contrary to the spirit proposed in paragraph 125. Since the proposed Board composition will involve many different sectors, the election process also would undoubtedly become unduly complex, and be susceptible to loopholes for potential political or other untoward influences.

134. The Committee proposes that the Board members of a public broadcaster should be appointed by the Chief Executive (CE) of the Hong Kong SAR. Direct appointment of the Board by the head of the SAR underlines the importance of PSB, and is in line with the common practice for appointment to statutory bodies in Hong Kong.

135. However, the CE should exercise the power of appointment within the statutory confines of the size and composition of the Board, as well as the tenure of its members.

136. To provide further check and balance, the Committee also proposes a scheme of advertisement and nomination as elaborated in the ensuing paragraphs. These steps should instill sufficient transparency and credibility into the appointment process.

Advertisement

137. With reference to overseas best practice in the process of appointments to public bodies, it should be a statutory requirement to advertise Board vacancies. This will make the recruitment of Board members more transparent. The pool of talent will be expanded as individual candidates may come forth voluntarily, and community and professional organisations may put forward names for consideration.

Nomination

138. The Committee believes that the Board should know best what expertise it needs, and should therefore be well placed to nominate candidates for appointment by the CE. A public broadcaster will also be seen to be more independent if it can nominate candidates for its own Board. However, arrangements must be in place to avoid conflict of interests and self-perpetuation of the Board.

Long-term arrangement

139. Applications and nominations for appointment (including reappointment) to the Board should be considered by a Nomination Committee (NC) comprising of:

- (a) the Board Chairman;
- (b) outgoing Board members, i.e.:
 - (i) all serving Board members not eligible for reappointment (e.g. those who had completed six consecutive years of service); and
 - (ii) other serving Board members who have declared they would not accept reappointment;
- (c) one person elected among non-Board members of the committees set up by the Board (see paragraphs 145 to 147); and
- (d) one person elected among the members of the Community Advisory Committee set up by the CEO (see paragraph 148).

An interim arrangement will be required to cater for circumstances under which the NC cannot be formed (see paragraph 143).

140. The NC should consider all applications and nominations received and recommend a nomination list to the Board for endorsement and subsequent submission to the CE for appointment. (The proposed terms of reference of the NC are at Appendix 17.) The nomination list submitted by the Board to the CE must contain at least two names for each of the categories of Board membership proposed in paragraph 124(a), plus the CEO and an elected staff representative (see paragraph 124(b)). The CE shall appoint Board members who belong to these categories from the list of nominees submitted by the Board. However, the NC process should not apply to the appointment of lay members (see paragraph 124(c)). Neither should

the NC specify the positions to be taken up by the nominees in the Board, as this should be subject to a separate mechanism as proposed in paragraph 126.

141. The Board should be required by law to publicise the assessment criteria when advertising Board vacancies, and disclose an overall profile of candidates included in the nomination list submitted to the CE. Though the nominees should not be named so as to protect their privacy, the names and backgrounds of those appointed by the CE should be announced at the first instance.

Interim arrangement

142. An interim arrangement will be required for the appointment of the first Board, or under any other unforeseen circumstances when the NC as envisaged above cannot be formed.

143. The Committee proposes that, in the interim, the CE should appoint no fewer than three persons to form a Provisional NC (PNC) and perform the same function as proposed in paragraph 140. All other statutory requirements relating to the nomination process should be implemented, including advertisement of vacancies and assessment criteria and subsequent disclosure of an overall profile of the nominated candidates. The terms of reference of a formal NC should also apply to a PNC. Members of the PNC should possess sufficient knowledge of the media field, understand Hong Kong's need for PSB, and be committed to upholding the independence and integrity of a public broadcaster.

Codes of conduct

144. Since the Board sets the policies of a public broadcaster, codes of conduct should be developed and adopted by its members to reflect the following key values and principles:

- (a) integrity and honesty, more specifically:
 - (i) disclosure and avoidance of conflict of interest;
 - (ii) avoidance of abusive use of position for personal or any other gains;
 - (iii) proper use of powers for public interest and the benefit of the public broadcaster;
 - (iv) proper delegation of powers; and

- (v) exercise due care, skill and diligence;
- (b) objectivity and independent judgment;
- (c) openness and accountability;
- (d) selflessness;
- (e) compliance with laws and regulations; and
- (f) leading by example.

Board committees and other supporting organs

145. In addition to the NC, the Board should set up three standing committees to support its work, namely an Executive Committee (EC), an Audit Committee and a Management and Administration Committee. The proposed terms of reference of these three Board committees are also at Appendix 17 for reference.

146. The EC should comprise of the Board Chairman, Deputy Chairman, Treasurer and the CEO. All Board committees, except the NC, should make submissions and report to the Board regularly through the EC. An organisation chart showing the relationship between the Board and the Board committees as well as the management is at Appendix 18.

147. The Board should have general powers to set up other standing or ad hoc committees in light of experience and the needs of the organisation. It is proposed that:

- (a) every Board committee should be chaired by a Board member;
- (b) every Board committee should preferably have no fewer than three and no more than five serving Board members;
- (c) Board committees, except the EC, may co-opt non-Board members as appropriate;
- (d) the Board Chairman, Deputy Chairman and Treasurer should recommend members of the Board committees (including co-opted members) to the Board for appointment, except in the cases of:
 - (i) the NC, the membership of which has been proposed separately in paragraph 139; and

- (ii) the EC, the membership of which has been proposed separately in paragraph 146; and
- (e) members of the Board committees should comply with the same codes of conduct for Board members as proposed in paragraph 144.

148. The CEO should establish a Community Advisory Committee (CAC) to receive feedback and inputs on all aspects of the operation and service of the public broadcaster. Members of the CAC should be drawn from the community at large. Other advisory bodies might also be set up should such needs arise. Should any matter of strategic importance arise in the deliberation of any of the advisory bodies, including the CAC, the CEO must keep the Board informed accordingly in a timely manner.

149. Members of the Board, Board committees and advisory committees established by the CEO should receive no compensation.

Complaints handling

150. The Board should charge the CEO with setting up a mechanism for receiving and handling complaints from the public. The number and nature of substantiated complaints and actions taken should be reported to the Board at regular intervals. Complaints against the CEO and appeals against the findings of the management in respect of any complaint should be referred to the Board for arbitration, which should be final within the structure of the public broadcaster.

151. All complaints, regardless of their nature, and their resolutions or lack thereof, must be duly documented and be subject to the Board's, and when appropriate, the public's scrutiny.

Regulatory oversight and licensing

152. The regulatory regime as well as requirements and guidelines that apply to commercial broadcasters should be equally applicable to a public broadcaster insofar as they are relevant.

153. Some of the written submissions have suggested that a public broadcaster should operate under a licence that is renewable and revocable.

154. The Committee has no objection in principle to a licensing scheme. However, before contemplating a second or more public broadcasters for Hong Kong, time should be allowed for the first public broadcaster to

establish its footing and the public to review its value and performance. During the initial stage when there should be only one public broadcaster, licensing does not seem to be a necessity, provided that major aspects such as public purposes, governance, accountability, funding and regulatory obligations are clearly spelled out in law. The need for and merits of a PSB licensing scheme should be revisited periodically.

155. The Committee considers that there may be a need to make consequential amendments to the existing broadcasting regulatory legislation on enactment of the proposed legislation that underpins the provision of PSB.

Chapter 5

Accountability

156. The Committee recognises that a public broadcaster must be held accountable to the public it serves and for the public money it expends. The accountability measures should be specific, feasible and meaningful. As far as practicable, relevant parties, whether organisation or individual, should be identified to exercise a monitoring role to hold the public broadcaster accountable.

Realm of accountability

157. It is important to hold a public broadcaster accountable while respecting its freedom and independence on programming and editorial matters. To ensure that a public broadcaster will perform its functions with integrity and command public respect and trust, it should be held accountable to the public for its:

- (a) Service scope: To ensure that a public broadcaster delivers the range of services that fulfills its public service mandate.
- (b) Programming quality: To ensure that a public broadcaster delivers quality service in terms of both the programmes and their scheduling.
- (c) Financial propriety: To ensure that a public broadcaster uses public resources in a proper, prudent and cost-effective manner, and in line with its public service mandate.
- (d) Management: To ensure that a public broadcaster manages its own operation properly and efficiently, with due regard to the principles of fairness and transparency.

Accountability measures

158. A public broadcaster should adopt internal measures as well as comply with external ones to enhance its accountability. Internal mechanisms facilitate proper management of a public broadcasting organisation, and enable self-auditing and review. They also serve as a constant reminder to a public broadcaster, from the Board through management to staff, of the

importance of public accountability. The external measures subject a public broadcaster to explicit and specific scrutiny from outside its corporate structure. They also help establish a clear relationship between a public broadcaster and outside parties to whom it is held accountable.

Internal measures

159. The internal measures should be transparent so that, while entrusting the public broadcaster with the primary responsibility of proper management of its own operation, the compliance with self-imposed rules and guidelines will be subject to public scrutiny. The proposed internal measures include the following:

- (a) The management should formulate internal procedures for making editorial, programming and financial decisions, subject to endorsement by the Board. Parties who are required to comply with the procedures should be clearly specified, and penalties for breaches defined.
- (b) The management should formulate programme standards for staff compliance, and seek endorsement from the Board. The endorsed programme standards should be promulgated and be publicly accessible. External assessors should be appointed to conduct audit on compliance with the programme standards, and report to the Board. They should have a limited tenure, and their assessment should focus on compliance rather than programme genre, content, quality and/or scheduling. By nature of their assignment, external assessors should not be allowed to preview any programme. The audit findings of the external assessors should be made known by the Board to the management for necessary follow-up. The public should also be duly informed of the assessment.
- (c) Conduct regular internal reporting, reviews and audits to ensure compliance with statutory requirements and internal procedures, uphold financial probity, and identify problems and correct them. The regularity of these internal exercises and a compliance assessment by the Board should be covered in the annual report of a public broadcaster.
- (d) Formulate mechanisms and procedures for receiving and handling complaints from the public. These measures shall be publicised widely through appropriate channels. The complaint handling authority should report to the Board and be independent from the management, keep proper records of all complaints received and

how they have been handled. These records should be accessible to the public on request. The annual report should contain a section on complaints handling.

- (e) Formulate mechanisms for obtaining feedback from the audience and other stakeholders. The annual report should give an account of feedback received.

160. As a general principle, the Board should also adopt appropriate measures to enhance the overall transparency of the organisation's operation.

External measures

161. The proposed external measures are set out below:

- (a) Subject to the regulatory oversight of the BA, and comply with all applicable regulatory requirements (including fulfillment of public service mission) and codes of practice. Given the unique nature of PSB, some of the requirements and codes imposed on the commercial broadcasters should be adjusted accordingly so that they might be applicable to a public broadcaster.
- (b) An external auditor should be appointed by the Board to audit the financial statements annually.
- (c) Annual reports should be published to review performance and announce corporate plans. Without limiting the information that may be included in an annual report, it should cover matters discussed in paragraph 159(c) to (e) above, and the annual audited financial statements as proposed in paragraph 161(b). The annual report should be submitted to the CE, who in turn should cause the report to be tabled before the Legislative Council.
- (d) The Director of Audit may conduct an examination into the economy and efficiency with which a public broadcaster has expended its resources in performing its public service functions.
- (e) The appropriation of public money to a public broadcaster should be subject to the approval of the Finance Committee of the Legislative Council.

Stakeholders' involvement

162. The accountability measures have been developed with a view to enabling all stakeholders to exercise a meaningful role in monitoring the different aspects of a public broadcaster's performance.

163. The Legislative Council will scrutinise the spending of public money by a public broadcaster at regular intervals, and such other aspects of its operation as and when public interest warrants.

164. The Government will, through the BA, monitor a public broadcaster's compliance with applicable statutory requirements and codes of practice, and keep track of its economy and efficiency through the Director of Audit when deemed necessary. Within the statutory framework for PSB, the relevant policy bureau will also ensure overall consistency with the prevailing broadcasting policy.

165. The receiving public and other stakeholders in the community will have channels to provide feedback on a public broadcaster's service scope and quality (including programme, scheduling, transmission and delivery quality, etc). A public broadcaster shall be required to obtain public feedback proactively (see paragraph 159(e)). The proposed disclosure of information by a public broadcaster will also equip the community to play a monitoring role in an informed manner.

Chapter 6

Funding

166. The Committee, in formulating the proposed funding model, has assumed that a new public broadcasting organisation will be constituted with a clean slate.

167. The Committee has studied the PSB funding arrangements of several overseas countries in detail. An overview, with the public broadcasters grouped by their primary funding sources, is at [Appendix 19](#). In gist:

- (a) The two most commonly adopted PSB funding models are audience licence fees (Germany, Japan and the United Kingdom) and appropriation (Australia and Canada). The United States adopts a distinctly different model in which federal appropriation accounts for a fairly low percentage of the total expenditure of individual public radio and television broadcasters (between 10% and 30%, averaging about 15% for a public broadcasting station in a medium-sized city).
- (b) Many overseas public broadcasters derive a certain percentage of funding from alternative revenue sources. These range from “retail” advertising revenue, “institutional/brand” sponsorships, donations, sales of programmes to advisory/consultancy services.

168. PSB funding arrangements around the world vary from place to place. The Committee considers that Hong Kong should develop its own funding solution and drive for community consensus.

Key considerations

169. The Committee considers that a suitable funding model for a public broadcaster should:

- (a) provide a stable source of revenue to reflect the community’s commitment to PSB and enable its sustainable development;
- (b) promote a sense of public ownership, and generate incentive for a public broadcaster to respond to public expectations;

(c) protect a public broadcaster from commercial, political and/or government interference; and

(d) promote cost-effectiveness and value for money in the provision of PSB.

170. To meet the array of considerations outlined above, the Committee proposes a funding model with multiple funding sources (“combined funding model”).

Recurrent expenditure

Primary source

171. The Committee has considered various options, including audience licence fee, a fixed percentage of rates revenue, and government appropriation.

Audience licence fee

172. The key attractions of an audience licence fee are the direct link that it will establish between a public broadcaster and the public it serves, and a stronger sense of public ownership. However, significant public resistance is expected, because such a fee will be regarded as a new tax. The experience of overseas public broadcasters also points to concerns about high administrative cost and potentially substantial delinquency of payment. Given these concerns, the Committee concludes that audience licence fee may not yield the stable stream of revenue required to support PSB.

Fixed percentage out of rates revenue

173. The Committee has also considered carefully the option of carving out an agreed percentage of rates revenue for PSB. Those who support this option argue that rates are a progressive and broadly based tax that can provide stable PSB funding. However, there is a lack of linkage between property ownership/occupancy and PSB consumption. The linkage is even weaker in relation to commercial premises, the rates payment from which accounts for more than half of total rates revenue in Hong Kong. In view of the volatility in rates revenue over the past 10 years (see chart at [Appendix 20](#)), it is also doubtful whether the proposal can provide stable funding for PSB.

174. The proponents of the rates revenue option also argue that a “fixed percentage” arrangement will avoid the need for annual resource allocation, and hence possible political and/or government interference. The Committee considers it important for a public broadcaster to be held accountable to the public financially. There is no defensible reason to side-step the established process of appropriation of public funds, which is subject to scrutiny by the public through the legislature.

Reliance on individual and institutional contributions

175. The Committee also has considered the model in the United States, which derives a rather low percentage of PSB funding from federal appropriation and relies heavily on individual and institutional contributions in the form of sponsorships, subscriptions and donations. Empirically, such an arrangement has driven many of PSB providers in the United States to make use of their airtime for solicitation of funds. The Committee does not consider this model workable as revenue so derived will undoubtedly be uncertain and volatile for a new public broadcaster in Hong Kong.

Asset vesting or capital injection

176. During the early stage of the review, there was also a suggestion that the Government should vest assets or inject capital in a public broadcasting entity so that it can finance its own operation in future. This option is hardly feasible as a public broadcaster is unlikely to generate sufficient recurrent revenue through its normal activities to support its operation.

Government appropriation

177. Through government appropriation, PSB directly draws on public money. This is consistent with its public service nature. It charges a public broadcaster with a clear responsibility to serve the public and promote its interest. Appropriation also provides a reasonably stable and predictable source of income.

The recommended option

178. The Committee proposes that the primary source of PSB funding should come from government appropriation, subject to approval by the Legislative Council. To maintain the level of public commitment to PSB, the real value of government appropriation should be preserved through annual adjustment in line with inflation.

179. To enhance the transparency of government appropriation, expenditure for PSB funding should be established as a separate head of expenditure. It is also proposed that PSB funding should not be included in the “financial envelope” of any Principal Official (PO) to underline PSB’s independence. Though this means that no PO would be responsible for representing the interest of a public broadcaster in the resource allocation process, the Committee is confident that such a perceived drawback could and should be more than adequately made up by the strong and assertive advocacy of the PSB Chairman, Board and management.

Other sources of revenue

180. To provide greater flexibility and autonomy to a public broadcaster, it should be allowed to raise funds from sources other than government appropriation (“supplementary sources”), provided that doing so:

- (a) is consistent with PSB’s role and mission as enshrined in law;
- (b) does not affect programme editorial control or distort programme agenda, and does not render PSB susceptible to any commercial, political and/or government influences;
- (c) is commensurate with the status and image of the public broadcaster as an independent, non-profit making public body, and does not undermine public trust in and respect for it; and
- (d) complies with the common standards of courtesy, decency and good taste.

181. The management of a public broadcaster should formulate guidelines to reflect the principles proposed in paragraph 180, and seek the endorsement of the Board. The endorsed guidelines should be promulgated and be publicly accessible.

182. Subject to paragraphs 180 and 181, a public broadcaster should be permitted to:

- (a) solicit commercial “institutional/brand” sponsorships, except for news and current affairs programmes;
- (b) solicit donation;
- (c) invite voluntary subscription from the public to promote public ownership;

- (d) charge pay-per-view fees for on-demand services; and
- (e) sell programmes and merchandise.

183. A public broadcaster should not raise “retail” advertising revenue as it will bring commercial pressure and influence to bear on PSB. It will also confuse the role of a public broadcaster as a non-profit making public body.

Funding cycle

184. A three to five-year funding cycle is proposed to allow a public broadcaster greater flexibility in financial planning. Compared with an annual cycle, this should also reduce a public broadcaster’s exposure to extraneous political and financial negotiations, resulting in undue pressure.

Phased implementation

185. The combined funding model should be implemented in phases.

186. To offer financial certainty and stability to a newly constituted public broadcaster, and thus allowing it time to establish a footing, it should receive full funding for recurrent expenditure through government appropriation in the first funding cycle. The real value of the amount of annual government appropriation in the first funding cycle, which should reflect the estimated annual recurrent expenditure, will be referred to as the “baseline” hereafter.

187. During the first funding cycle, a public broadcaster might also raise revenue from supplementary sources, subject to the rules and guidelines it would have developed and promulgated as proposed in paragraph 181. The amount thus raised should not affect the “baseline”. It should be retained by the public broadcaster and transferred into a development fund (see paragraph 193).

188. From the second funding cycle onward, a public broadcaster should be required to raise revenue through supplementary sources. The percentage of revenue from supplementary sources should increase progressively up to 20% of the “baseline” by the 10th anniversary of incorporation.

189. The Board of a public broadcaster should work out an implementation programme for achieving the 20% target within the 10-year time frame. Through a progressive but measured increase in the proportion of revenue from supplementary sources, a combined funding model will be

established over time. The amount of funding from government appropriation could then be reduced correspondingly, thus maintaining the “baseline”. The overall objective is to reduce reliance on, and hence the risk of interference from, any single source, and make room for achieving the other key considerations highlighted in paragraph 169.

190. Irrespective of the actual amount raised by a public broadcaster from supplementary sources, government appropriation should not fall below 80% of the “baseline” during the first 10 years to preserve the level of public commitment to PSB. Any surplus should be retained by the public broadcaster and transferred into a development fund (see paragraph 193).

191. The continuance or otherwise of the “baseline” and the proportion of revenue from supplementary sources from the 11th year onward should be subject to review in light of the practical experience gained in the first 10 years, and in particular of public feedback on the performance of the public broadcaster in terms of programming, management and governance quality. The review process should be independent, open and transparent.

Capital expenditure

192. A public broadcaster would need to invest from time to time in capital projects such as significant expansion in service scope and major upgrading in facilities and equipment. Such a need cannot be met from within recurrent expenditure, and should be catered for separately.

193. The Committee proposes that a public broadcaster should build up a development fund through retention and accumulation of surplus income, and draw on it for funding capital projects. It should also be given lending powers under the law. Should these avenues be inadequate for meeting legitimate capital investment needs, especially major expansion in service scope in response to public demands, a public broadcaster should be allowed to apply for additional government appropriation specifically for capital expenditure, subject to approval by the Legislative Council.

Sizing up PSB funding requirement

194. The Committee considers it necessary to establish the actual financial needs of providing PSB in Hong Kong once the PSB mission and the scale of operation have been agreed upon.

Chapter 7

Programming

195. The ultimate tests of the value and success of PSB are the quality and range of programmes it delivers to its audience. In exploring the principles and broad parameters for PSB programming, the Committee is mindful that PSB outputs should be consistent with the underlying principles of *universality, diversity, independence* and *distinctiveness*. It must also reflect PSB's public purposes. A conscious attempt has been made not to prescribe such details as output hours, proportion of different programme genres or scheduling options, because the precise programming strategy and approach should be determined by the management of a public broadcaster.

Positioning and development strategy

196. As discussed in paragraph 63, given the nature and constraints of commercial broadcasting, the current broadcasting environment in Hong Kong provides limited room and opportunity for innovation and improvement. In view of this, the Committee proposes that PSB programming should be driven by innovation, quality and socio-cultural consideration. The Committee feels that while value for money and ratings are legitimate considerations, they should not be the primary concerns in PSB programming.

197. PSB programming should be all-rounded, diverse, innovative and of a high quality. In particular, it should seek to provide what is lacking in commercial broadcasting so as to offer the public real and varied choices. Only by doing so could PSB build up its brand and foster a positive image, and receive public recognition and support for the values it represents.

198. The Committee proposes the following PSB programme development strategy:

- (a) In terms of programme content:
 - (i) Promote the humanities, arts, sciences and education to broaden the international, national and regional perspectives of the public, and enhance the quality of life for the people.

- (ii) Provide accurate, comprehensive, in-depth and interactive news and current affairs programmes to promote rational discussion, uphold the tradition of responsible press freedom, and promote the social values of diversity and tolerance.
 - (iii) Consciously develop programmes as education resources to enhance public interest in and knowledge of a wide range of subject matters, and promote lifelong learning.
- (b) In terms of the programme development direction:
- (i) Encourage innovative PSB programming in terms of both the subject matter and programme format to promote the vibrant development of the broadcasting, media and film sectors in Hong Kong.
 - (ii) Encourage local original productions to attract and nurture talent for the broadcasting industry.
- (c) In terms of scheduling, PSB programmes should be all-rounded to meet the diverse needs of different social, ethnic and age groups in the society; promote interaction, understanding and mutual respect; and facilitate development of a harmonious and civil society.

Broadcasting platforms

199. To ensure PSB can be genuinely universal, the Committee considers that Hong Kong's public broadcaster should:

- (a) operate at least one free TV channel. Free TV remains the most pervasive mode of local broadcasting. The proposed channel will broaden the audience reach of PSB programmes and maximise their socio-cultural effect. The public broadcaster should provide Cantonese, English and Putonghua programmes to cater for the unique linguistic environment in Hong Kong. Initially, these could be delivered through one channel with, say, six hours of original programmes daily. In the light of public demand and resource availability, the amount of original programmes may be increased progressively, and even an additional channel may be considered to allow greater flexibility in the packaging and scheduling of programmes in different languages/dialects.

- (b) operate a sufficient number of radio channels. The oldest form of broadcasting, radio is accessible at home, in the workplace and while commuting. Listeners can enjoy radio programmes even when undertaking other activities. As such, it is a broadcasting mode with significant social impact. Constrained by Hong Kong's topography, in an analogue broadcasting environment, FM radio channels are far more effective than AM ones. Hence, there should be enough FM channels for PSB radio broadcasting.
- (c) develop multimedia platform. Digitisation is re-inventing the traditional broadcasting industry, and multimedia platforms have the potential of becoming the most popular means among the new generation for receiving programme content. PSB must develop multimedia platforms to bring its output to the largest number of recipients. Multimedia technologies may also enable the provision of interactive programmes and enhance the attractiveness of PSB.

200. A public broadcaster should develop programme strategies according to the characteristics of the TV, radio and multimedia platforms, and explore the synergy among them. Since the development and use of different broadcasting platforms require resources, a pragmatic and cautious approach should be adopted to avoid spreading resources so thin as to undermine PSB service quality or quantity.

Modes of programme development

201. A public broadcaster should adopt multiple modes of programme development to diversify the source, subject, format and style of PSB programmes.

202. More specifically, PSB programmes may be developed in the following modes:

- (a) Commission independent producers/production houses to submit programme development proposals or to produce programmes. Commissioning opens up business opportunities for local creative industries, nurtures talent and promotes the development of the broadcasting industry. The participation of outside parties will enhance the diversity of PSB programmes and bring domain expertise into programme development. A public broadcaster should

develop a proper system of commissioning, set a percentage quota for commissioned programmes, and increase the quota over time.¹⁹

- (b) Acquire programmes, including those produced outside Hong Kong. In the initial stage, this might well be the major source of English and Putonghua TV programmes (except news and current affairs programmes), because it would take time to build up the capability of producing them locally.
- (c) Produce programmes in-house, and co-produce in partnership with other producers, be they based locally or elsewhere.

203. Whatever programme development mode a public broadcaster may adopt, it must be responsible for programme quality assurance (including compliance with internationally accepted technical standards), and ensure the consistency of individual programmes with PSB public service mission and overall programme directions.

Programme genres

204. At present, commercial broadcasting already provides a wide range of programme genres such as news and current affairs, documentary, drama, animation as well as phone-in programmes. Despite the variety in genres, commercial broadcasting programmes tend to be rather homogeneous as discussed in paragraph 63. The Committee considers that PSB should be unique not in terms of its programme genres, but its commitment to innovation, quality and universality of service through the diversity of programmes. PSB should compete with commercial broadcasting on these fronts rather than in audience rating. There are no valid reasons to stay clear of programme genres already available in commercial broadcasting.

205. The Committee notes that programmes currently available from the market are inadequate in the following respects. While providing comprehensive and diverse programmes, PSB should in particular fill in a number of identified gaps, as summarised in the following paragraphs.

206. In terms of subject matter and/or content, PSB programmes should:

- (a) contribute to the public purpose of sustaining citizenship and civil society by covering:

¹⁹ It is a common practice for overseas public broadcasters to set a quota for commissioned programmes. For instance, BBC and Channel 4 both adopt a 25% quota for PSB TV services. Some radio and new media services adopts a lower 10% quota. Since the development stage of the broadcasting sector and maturity of the independent production market vary from place to place, the quota adopted by overseas organisations should only serve as a reference.

- (i) civic education, including facts and analyses of national and local political, social and economic systems, and the unique constitutional status of Hong Kong under the principle of “One Country, Two Systems”; and
 - (ii) major international events and developments to broaden people’s international perspective.
- (b) support the public purpose of establishing education value and promoting lifelong learning by covering the humanities and social sciences (such as economics, sociology, history and philosophy) and natural science.
- (c) further the public purpose of enriching people’s multicultural life by covering arts and culture (including music, drama, opera, visual arts and literature) as well as sports.

207. In terms of target audience, PSB programmes should also seek to cater for the specific needs and interests of ethnic minorities, senior citizens, children and students. This would enhance the universality of its services and diversity of its programme mix.

Chapter 8

Performance Evaluation

The need for performance evaluation

208. Performance evaluation is an essential element in the on-going management of any responsible organisation. To evaluate performance, an organisation must set clear targets, develop measurable performance indicators and conduct regular assessments. These activities generate critical management information that reveals risks and problems, as well as highlights opportunities for improvement.

209. A public broadcaster's performance evaluation is not only a requisite management process. It is both a foundation for accountability and a tool to gain the public's trust and support for a public broadcaster. The evaluation outcome provides a basis for public scrutiny of the extent to which a public broadcaster delivers its public service mission, and returns value for the public money it expends.

Objectives and performance indicators

210. The Committee has identified broad areas of a public broadcaster's performance that should be subject to evaluation. It also has examined the objectives that should be achieved in each of these areas.

211. No attempt has been made to set specific targets, as this should be done by the management of a public broadcaster in the light of the actual circumstances of the organisation. The proposed key performance indicators (KPIs) on the following pages are to facilitate consideration by, rather than for imposing on, a public broadcaster.

Scope and quality of services

212. Within this performance area, the Committee considers that a public broadcaster should seek to achieve four objectives:

Obj-1. Provide a comprehensive mix of programme genres to cater for the entire population, addressing both majority and minority needs and interests.

Possible KPIs

- (a) Range of programme genres: overall, and by transmission media.
- (b) Broadcast hours and percentage of different programme genres.

Obj-2. Cater for the diverse needs of different groups in the community, and promote public understanding and tolerance of such diversity.

Possible KPIs

- (a) Availability of programmes in different languages and/or dialects.
- (b) Availability of multi-cultural programmes.
- (c) Availability of programmes that cover different religions.
- (d) Availability of programmes that cater for the special needs of audience with disabilities (e.g. deafness or blindness).

Obj-3. Stimulate creativity and originality, and nurture talent.

Possible KPIs

- (a) Broadcast hours and percentage of:
 - (i) Locally first-run programmes.
 - (ii) Programmes produced in-house.
 - (iii) Commissioned programmes (produced by independent producers and/or production houses).
 - (iv) Programmes acquired from outside sources.
- (b) Resources (amount and percentage of total budget) spent on each of the categories listed in (a).

Obj-4. Provide quality programmes.

Possible KPIs

- (a) Rate of approval by external assessors appointed by the Board to assess compliance with internal programme standards (see paragraph 159(b)).
- (b) Audience feedback (see paragraph 159(e)).
- (c) Number of local, regional and/or international awards received.

Audience reach and market share

213. The objective of a public broadcaster in this performance area should be to:

Obj-5. Maximise the social impact of PSB by reaching as large a population as possible with services delivered across various platforms, including radio, TV, online and other new media as they become available.

Possible KPI

Total audience size (number of persons who has at any point during the relevant period received PSB services), and growth/decline.

Quality of governance and management

214. Good governance, effective management and cost-effectiveness are the assumptions underlying the independence of a public broadcaster. In this performance area, it should pursue the following objectives:

Obj-6. Ensure the credibility and accountability of PSB through quality governance.

Possible KPIs

- (a) Compliance with statutory and other applicable requirements.
- (b) Adequate and timely reporting, review, disclosure and response to the public.

- (c) Adoption of and compliance with codes of conduct for members of the Board and the committees it sets up.
- (d) Adoption of appropriate transparency measures.

Obj-7. Ensure the efficiency and sustainability of PSB through effective internal management.

Possible KPIs

- (a) Delineative and unambiguous table of organisation with clear chains of command.
- (b) Proper delegation of authority in all aspects of day-to-day operation.
- (c) Regular communication between management and staff, and between management and the Board.
- (d) Fair, effective and transparent staff appraisal mechanism, with regular evaluation and corresponding management actions of reward/punishment.
- (e) Adequate support for staff training and development.

Obj-8. Ensure cost-effectiveness and optimal utilisation of assets through sound resource management which may involve the reduction of administrative layers, sharing of resources across divisions, exploration of new revenue sources, etc.

Possible KPIs

- (a) Cost per broadcast hour overall.
- (b) Cost per broadcast hour by programme genres.
- (c) Utilisation rate of facilities and equipment (e.g. studios, outside broadcast vans, etc).
- (d) Percentage of administrative and programme production expenditures as part of the total expenditure.
- (e) Annual target for revenue growth generated from sources other than government appropriation, and the extent of achieving the target.

Development of new media services

215. A public broadcaster should pursue the following objectives:

Obj-9. Explore and develop new media services to reach out to as large an audience as possible.

Possible KPI

New broadcasting content, information (including archives) and interactive services available through new media.

Obj-10. Enhance the accessibility and quality of new media services, and promote their use by the public.

Possible KPIs

(a) New media service users: number and growth/decline.

(b) User retention (e.g. browsing duration).

(c) Signal quality assessment.

(d) Connection speed and reliability.

Public participation

216. To cater for the changing needs of the community, and respond to public expectations in a timely and constructive manner, a public broadcaster should:

Obj-11. Provide adequate and effective opportunities for obtaining public views and feedback, and use these inputs in the decision making process.

Possible KPIs

(a) Forums to facilitate on-going public consultation on all aspects of PSB services and operation such as the CAC proposed in paragraph 148, and other advisory bodies as necessary: availability, frequency of meeting, and timeliness of reporting to the Board.

- (b) Public hearings and survey of public satisfaction level: regularity and timeliness of reporting to the Board.

Obj-12. Maintain a credible, accessible and efficient complaints handling system. Handle complaints in a positive, timely and fair manner, and take follow-up actions as necessary.

Possible KPIs

- (a) Publicity on complaints channels.
- (b) Number of complaints/appeals received.
- (c) Number of complaints/appeals substantiated.
- (d) Number of complaints resolved and/or appeals addressed.
- (e) Improvement measures identified/implemented.
- (f) Disclosure of overall complaint handling statistics.

Value of performance evaluation

217. As stated earlier, performance evaluation not only serves as a management tool for a public broadcaster, but also enhances its public accountability. To generate useful management information:

- (a) evaluation should be conducted regularly to enable comparison of performance over time;
- (b) follow-up actions should be identified and implemented promptly; and
- (c) evaluation outcomes should be shared with staff to build a common understanding of corporate objectives and actions needed to achieve them, and reported in a timely manner to the Board to enable effective oversight and facilitate adjustment in organisational strategies and directions.

218. The key evaluation outcomes and follow-up actions adopted should also be disclosed to the public in the annual report or through other appropriate forms of publicity. Such information will facilitate informed public scrutiny and enhance the accountability of a public broadcaster.

Chapter 9

Digital Broadcasting

219. The rapid advancement of digital and related technologies has fundamentally altered the global broadcasting scene. How and to what extent will digitisation affect the development of PSB in Hong Kong?

The benefits of digital broadcasting

220. Digital broadcasting brings significant benefits to the audience as it improves TV's video quality by eliminating ghosting or snowing through higher definition transmission, while at the same time it enhances sound quality by multiplexing the audio signals for true multi-channel sound broadcasts.

221. Digitisation also opens up business opportunities to the broadcasters by enabling the development of new services such as multimedia content, interactive programmes, electronic programme guides, datacasting and mobile reception.

222. For the wider community, digital broadcasting yields higher spectrum efficiency as more channels can be accommodated within a given spectrum through digital compression technology. As a result, viewers and listeners will enjoy greater choices. In the case of terrestrial TV services, when a high digital coverage is achieved, analogue switch-off will also free up the existing frequency bands for accommodating more broadcasting and communication services. Hence, the economic and social benefits of digital broadcasting go beyond the broadcasting sector.

Industry adoption

The international scene

223. The benefits of digital broadcasting have spurred on broadcasters around the world to embrace digitisation by producing programmes, packaging channels and transmitting output on a digital platform, often with conscious policy guidance and support from government. The ITB Panel Report contains a factual account of the adoption of digital technology by public broadcasters in Australia, Canada, Germany, the United Kingdom and

the United States. The relevant information contained in that Report has been extracted and tabulated at Appendix 21.

224. The Committee notes that these overseas public broadcasters are in different stages of digitisation. In all cases, the migration from analogue to digital platform covers both TV and radio services, with the digitisation of TV broadcasting typically preceding that of radio broadcasting.

The local scene

225. The pace of digitisation in the local broadcasting sector is also covered in Appendix 21. In gist, digital TV services are already available via satellite, cable and broadband networks. According to the implementation framework for digital terrestrial TV (DTT) broadcasting, the two domestic terrestrial TV broadcasters (ATV and TVB) will start simulcasting their existing services in both analogue and digital formats and launch a new digital service on the respective additional frequency channels assigned to them within 2007, with a view to achieving at least 75% coverage in 2008. The target to switch off analogue TV broadcasting by 2012 is subject to consumer replacement speed and technical studies.

226. The introduction of digital audio broadcasting (DAB) services will be market-led. No timetable has been set. The major concerns include the affordability of digital receivers, availability of other wireless communication technology for sound transmission and the need to finalise the Band III frequency plan with the Mainland authorities and clear the frequency band concerned for DAB services. Among local sound broadcasters, only RTHK has conducted tests on digital transmission of radio services on Band III frequencies, and is prepared to launch new programme services in a digital format, subject to resource availability.

Digitisation of Hong Kong's PSB

Embrace change and new opportunities

227. The potential that digitisation holds for offering new services is of particular importance to a public broadcaster as it will maximise the socio-cultural impacts of PSB by expanding its audience reach, enabling a more diverse programme offer, and attracting more, especially the new generation of, viewers and listeners. The Committee therefore recommends that a public broadcaster in Hong Kong, when established, should operate on a digital platform to provide a full range of broadcasting services: TV, radio and multimedia services.

228. As a component of the local broadcasting industry, it is taken for granted that a public broadcaster in Hong Kong shall provide TV services on a digital platform. Spectrum will need to be allocated for this purpose (see paragraph 199(a)), or it will be inconsistent with the Government's DTT implementation framework, and delay the target of analogue switch-off by 2012.

229. For radio services, the existing analogue system is near saturation, with only two AM and no more FM frequency bands available for new radio channels. It leaves hardly any room for new entrants, including a public broadcaster, without causing frequency overlapping or signal interference to existing operators. Developing a digital platform for PSB radio broadcasting is therefore an attractive proposition. In this regard, using digital multimedia broadcasting (DMB) applications instead of DAB will enhance versatility and accommodate not only radio but also multimedia PSB contents. The development of a multimedia platform will also enable a public broadcaster to provide interactive contents and foster two-way communication with users of its service.

230. The Committee is mindful that the DMB market conditions in Hong Kong have yet to mature. The attraction of multimedia contents should create incentive for listeners to pay for a digital receiver, but it will take time to ready the public for a complete switchover to digital broadcasting in Hong Kong. Until then, total reliance on DMB applications may undermine the competitiveness of PSB radio services vis-à-vis analogue-based commercial radio services. It is therefore recommended that Hong Kong's public broadcaster be allocated:

- (a) one multiplex for digital broadcasting of radio and multimedia services; and
- (b) until complete digital switchover is achieved, sufficient FM frequency bands to allow public access to a level of PSB services comparable to what is currently available. All existing FM frequency bands have already been allocated (see paragraph 229). With the transfer of PSB responsibilities from RTHK to a new public broadcaster, there should be room for the former to transfer a corresponding number of FM frequency bands to the latter.

A total approach

231. As evident from overseas experience, it makes sense for all services provided by a public broadcaster to be delivered via the same platform. With advance planning and coordination, technically it is feasible for certain elements of the digital broadcasting infrastructure (such as transmission towers) to support a full spectrum of PSB services and generate economies of scale. Sharing a common digital platform also fosters synergy among the TV and radio streams of programme production and delivery by a public broadcaster, and enables the development of new multimedia contents and services. In Hong Kong, a public broadcaster is best placed to reap these practical benefits because the commercial broadcasters are subject to the existing restriction on cross-media ownership.

232. Developing a digital PSB outfit will require significant commitment of and financial support from the public. The Committee is nevertheless convinced of the need to do so. In addition to the considerations set out above, from a development perspective, digitisation of PSB will ensure long-term compatibility with international partners as more and more public and commercial broadcasters around the world go digital. It is also consistent with the Government's policy to promote the development of the broadcasting industry and facilitate technology convergence.

233. Drawing on the advice of technical experts with industry knowledge, the Committee has identified, in broad terms, the likely facilities and equipment required for a public broadcaster to provide digital TV broadcasting and multimedia delivery, and the corresponding cost estimate. These are set out in Appendix 22 for reference only.

234. As and when a policy decision has been made to develop PSB on a digital platform, detailed technical and other necessary studies must of course be conducted to ascertain the actual requirements and precise cost. The Committee has not been able to provide a similar rough estimate for DAB or DMB in view of limited local experience in this regard.

An ever-changing scene

235. When analogue switch-off is achieved and broadcasting frequency bands released for other uses, there may well be a proliferation of content distributors and further segmentation of the market. In time, the conventional mode of broadcasting which combines the dual functions of programme production and transmission may cease to be the prevalent mode of service delivery. Instead, there may be a more marked division between content providers who develop and produce "programmes", and carriers who transmit

the output using different platforms. In fact, certain programme contents for broadcast is already being transmitted through the telecommunication networks in Hong Kong to mobile phone users who are paying extra to subscribe to the service.

236. The rapidly shifting media habits of the public from conventional to new, non-broadcast content distribution systems accessible on computer and handheld devices will pose great challenges to the broadcasting industry of which PSB is a part. It is therefore important to review the exact roadmap for digitisation as PSB takes shape in Hong Kong, and fine-tune it in light of the latest technological developments, changing market conditions as well as evolving audience needs, habits and expectations.

Chapter 10

Implementation Plan

237. The Committee, after many months of consultations, review and deliberations, is convinced that there is a need for PSB in Hong Kong. Accordingly, the Committee has proposed the establishment of a new public broadcaster with clearly defined governance structure, accountability measures, funding arrangements and programming strategy. It also has identified possible KPIs for performance evaluation, and addressed the impact of new media development on PSB.

238. The Committee suggests that this newly minted public broadcaster be named the Hong Kong Public Broadcasting Corporation (PBC). The plan for bringing the PBC into being is outlined below.

Immediate measures

239. The Government has committed to consider the Report of the Committee in detail and consult the public. The Committee recommends that, following policy endorsement, several measures should be implemented immediately. These measures focus on preparation of the enabling legislation; studies to define the operational, technical and financial parameters of the PBC; and physical construction of PBC premises.

240. The lead time between the submission of this Report and the commencement of the immediate measures will depend on the duration of internal consideration, public consultation as well as the process of policy formulation and formal endorsement by the Government.

241. The Committee proposes that the Government implement the following immediate measures:

- (a) Formulate legislative proposals and law drafting. The enabling legislation should provide a legal basis for the eventual establishment of the proposed PBC. It should also contain transitional provisions to enable the setting up of a Provisional PBC (PPBC) with legal powers to oversee the developmental stage and prepare for the formal launch of the PBC. The Government should engage the Legislative Council in shaping the legislation so as to benefit from the advice of the legislators and facilitate a smooth passage through the Council.

- (b) Commission detailed consultancy studies to:
 - (i) establish the infrastructure, equipment and technical requirements of the PBC; and
 - (ii) ascertain its financial requirements, having regard to the agreed PSB missions and (i) above.
- (c) Make substantive planning for the provision of purpose-built PBC premises, including site identification, statutory procedures such as town planning and environmental impact assessment, technical feasibility study and funding application.

242. In view of the public value of PSB to Hong Kong, the Committee urges the Government to expedite the immediate measures with a view to completing them within 12 months from policy endorsement.

Short-term measures

243. When the enabling legislation is ready for scrutiny by the legislature, and suitable candidates lined up to run the PPBC, the Committee recommends the following short-term measures:

- (a) The Government should:
 - (i) identify and line up members of the PPBC Board, and, as far as practicable, involve them in refining and finalising the enabling legislation;
 - (ii) present the bill to the Legislative Council for scrutiny; and
 - (iii) subject to the approval of the Finance Committee of the Legislative Council, provide full funding to enable the operation of the PPBC. Funding should be dispersed on an annual basis to underline the PPBC's transitional nature.
- (b) The candidates identified for appointment to the PPBC Board should:
 - (i) be engaged in lobbying support for the bill and the funding proposals; and
 - (ii) identify the CEO for the PPBC and, through him/her, line up a management team.

244. The duration of this stage will depend largely on the time required for the scrutiny of the bill and funding proposals. The process for identifying PPBC Board members and the CEO should proceed in parallel. Prospective PPBC Board members should be involved in the implementation of the short-term measures as soon as they confirm their commitment, pending a legal basis for formal appointment.

Medium-term measures

245. Substantive preparation for the establishment of the PBC will start with the enactment of the enabling legislation. The Committee recommends the following medium-term measures:

- (a) The Government should activate the transitional provisions in law to establish the PPBC and appoint its Board, while holding other provisions in the legislation in abeyance.
- (b) The PPBC Board should appoint the CEO, who in turn should recruit the management team. All of them should be employed on terms determined by the PPBC Board (“PBC terms”).
- (c) The CEO and management team should:
 - (i) review findings arising from the studies proposed in paragraph 241(b) above, determine the exact requirements of the PBC and seek Board endorsement;
 - (ii) develop editorial, financial and auditing codes, programming standards, guidelines for receiving sponsorship, and internal systems for procurement as well as programme commissioning and acquisition, and seek Board endorsement;
 - (iii) manage the construction programme of the new premises, as well as source and procure equipment;
 - (iv) formulate programming strategy and scheduling, and in light of these, determine requirements of production, news, engineering and other staff, both for immediate employment by the PPBC and for deferred employment on formal establishment of the PBC. While the PPBC will not broadcast programmes immediately, it will need to begin programme production, commissioning and acquisition so as to build up a sizeable stockpile, especially for TV, for broadcast once the PBC goes on air;

- (v) determine staff employment terms and selection criteria, and roll out recruitment drives. Any person who meets the specified qualifications/requirements should be considered on an equal basis. All staff will be employed on PBC terms; and
 - (vi) develop complaints handling mechanism, and seek Board endorsement.
- (d) When measures (a) to (c) have been completed, the Government should take necessary steps to commence the remaining provisions in the legislation, establish the PBC, and repeal the transitional provisions. Should any PPBC Board members be retained, their year of service on the provisional body should not count toward their tenure on the PBC Board. This will allow the appointees concerned to serve the PBC for a longer period of time, and enhance continuity at the Board level. The PBC Board should reaffirm the appointment of the CEO and retain all staff on their original employment terms.

246. A flow chart showing the medium-term measures is at [Appendix 23](#).

Long-term measures

247. It will take time for a brand new public broadcaster such as the PBC to try out the governance structure, accountability measures, funding arrangements and programming parameters. At the same time, the public should scrutinise its performance closely, determine whether the PSB mandate is met in full, and explore room for the further development of PSB. The Committee therefore recommends the following long-term measures:

- (a) In relation to PSB in general: Periodic reviews of the overall PSB regime, including the need for a licensing scheme should there be more than one PSB provider eventually. These reviews may need to be conducted more frequently (say, every five years) in the initial 10 years, then further apart but regularly (say, every 10 years) to ensure that the PSB arrangements in Hong Kong moves in time to meet changing needs of the community.
- (b) In relation to the PBC: Review at an appropriate juncture the proportion of government appropriation to supplementary funding sources from the 11th year onward, and as necessary in future.

Chapter 11

Other Issues

248. In undertaking the review, the Committee has consulted extensively, both within and beyond the broadcasting sector, to ascertain Hong Kong's need for PSB, and how best to deliver it. Diverse views and suggestions have been received, some on subjects beyond the Committee's terms of reference. Of these, the Committee has discussed three that are considered relevant to the overall broadcasting scene in Hong Kong: Government information dissemination and policy promotion; community broadcasting; and public access broadcasting.

Government information dissemination and policy promotion

249. While it is a fairly unanimous expectation of PSB to facilitate monitoring of government performance, there are divergent views on whether a public broadcaster should have any role in disseminating government information and promoting its policies. Some expect a public broadcaster to bear the responsibility of doing so as part of its public purposes; others fear that such a role will render a public broadcaster at best a "government mouthpiece" or at worst, a propaganda machine.

250. The Committee appreciates full well that every government has a legitimate and practical need to communicate information to the public and explain, promote or defend its policies through broadcasting as a pervasive means of communicating with the public. The need is perhaps more pronounced now than ever when the public expects greater transparency in government policy formulation and implementation, and timely flow of accurate information is crucially important for the proper functioning of the economic and social systems.

251. At present, such a need is met through one or a combination of the following means in Hong Kong:

- (a) Government's announcements in the public interest (APIs) and weather forecasts and weather programmes carried by the commercial broadcasters according to licence requirements;

- (b) public affairs programmes or specifically commissioned programmes produced by RTHK, which are broadcast through RTHK's radio channels or commercial TV channels according to licence requirements; and
- (c) programmes produced by outside parties, including, but not limited to the commercial broadcasters, which are carried by the commercial broadcasters through separate arrangements.

252. The establishment of a public broadcaster as recommended in this Report should not fundamentally affect arrangements (a) and (c) in paragraph 251. However, subsequent to the proposed transfer of RTHK's existing PSB functions to the PBC, the reduced role of RTHK could hardly justify the allocation of seven radio channels and TV airtime on the domestic free TV channels. As a result, (b) may no longer be a valid option. What role then, if any, should the PBC play in filling in the gap?

253. The Committee considers it important to preserve the substance and perception of PSB as a service and platform genuinely independent and equally accessible to all. Hence, the PBC should not be under any obligation to disseminate information provided by the Government, except in such emergency situations as natural disasters or outbreak of pandemic diseases, or promote government policies. Instead, it should have the independence to decide on whether and/or how to cover government information and messages according to its public purposes, programming policies and editorial judgment, and subject to regulatory requirements and journalistic standards, as they are similarly applicable to all other local broadcasters.

254. How, then, might the gap identified in paragraph 252 be filled? The Committee believes that the Government may consider producing its broadcast contents in-house or commission outside parties to do so on an open and competitive basis. The Government also may want to invite all local broadcasters to bid for transmitting such contents to the public. It should be up to the commercial broadcasters and the PBC alike to decide whether to bid for such projects. The Information Services Department, the Government's public relations consultant, publisher, advertising agent and news agency, may coordinate government publicity and information dissemination as it does now. Such an arrangement should help accommodate the needs of the Government, and allow sufficient flexibility for all parties involved without affecting their independence, financial viability and corporate priorities.

255. In addition, and with reference to the current licence requirements imposed on the commercial broadcasters, the Committee considers that the PBC may be required either by statute or through administrative arrangements to broadcast a specified amount of APIs and weather forecasts

and weather programmes provided by the Government. The broadcast content should be clearly branded as government information so as to be distinctly differentiated from programmes that belong to PBC's own schedules.

Community broadcasting and public access broadcasting

256. The Committee notes from public discussions that apparently there is a confusion of community broadcasting with public access broadcasting.

257. Community broadcasting is sometimes described as a “third tier of broadcasting”, which serves to meet a perceived gap in broadcasting services unfulfilled by commercial broadcasting and PSB. It caters to the needs of very specific groups, often defined with reference to locality (such as small rural communities or remote villages) or shared interests (such as common ethnic or cultural origins, and indigenous groups). The issues covered by community broadcasting are typically local in nature, or of concern mainly to the target audience. Community broadcasting is usually operated by non-profit making community groups (including universities and churches), and funded by a mix of sponsorships, grants, donations and advertising revenue.

258. Public access broadcasting refers to the opening up of the airwaves for individuals or groups to express their opinions and exchange views with others. The challenge usually lies in managing these public access slots, because not every interest group can be given its own channel or station to control. Often, specified programme slots are set aside on existing broadcasting channels or stations for this purpose.

259. The lack of a broader outlook and comprehensive scope mean that neither community broadcasting nor public access broadcasting can be a replacement for PSB. Also, they are not bound by the underlying PSB principles of *universality, diversity, independence* and *distinctiveness*.

260. Local views are diverse on whether there is a case to provide community broadcasting or public access broadcasting in Hong Kong. The Committee has not ventured into an in-depth analysis of their need and feasibility. By way of general observation, community broadcasting and public access broadcasting both contribute to an open society, foster freedom of expression and facilitate participation in public life. They are not costless pursuits and will involve public resources in terms of broadcasting frequencies or airtime, and sometimes financial and technical support in programme production and transmission.

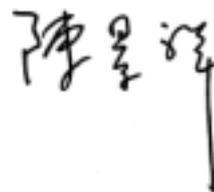
261. Public access broadcasting, if provided, should have regard to spectrum efficiency, especially as its primary objective of providing an open forum for public expression of opinions should be met at least in part by PSB.

262. Given the high penetration of free TV and radio services in Hong Kong, and a small and relatively homogeneous population, there is no apparent case for funding community broadcasting with public money. Should certain sectors in the society find value in receiving community broadcasting services tailored for their specific needs, it should be pursued on a self-financed basis.

263. The Committee also considers that community broadcasting and public access broadcasting should both be subject to BA's regulatory oversight.



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